

COUNCIL COMMUNICATION

AGENDA TITLE: REPORT TO THE COUNCIL - FINANCIAL AUDIT FOR FISCAL YEAR 01-02

MEETING DATE: January 15, 2003

PREPARED BY: Finance Director

RECOMMENDED ACTION: That the City Council receives for file the following reports and financial statements submitted by KPMG LLP and the Finance Department for Fiscal Year 2001-02:

- The Combined Annual Financial & Single Audit Report
- Management Letter
- Letter to the Council (SAS 61)
- Report on Applying Agreed-upon Procedures
- Independent Auditors' report on compliance (SLTPP)
- Independent Auditors' report on compliance (Debt compliance-PCE/TCE)

BACKGROUND INFORMATION: The annual audit was conducted to assure the City Council and other interested parties that the City's financial records and reports are prepared in accordance with generally accepted accounting principles (GAAP), that internal controls are adequate to safeguard the City against loss from unauthorized use or disposition of assets and that the City has complied with all agreements and covenants to obtain grant funds and debt financing. KPMG LLP has issued an "unqualified opinion". Steven DeVetter, Partner and Nancy Rose, Senior Manager of KPMG will be present to do the presentation and answer questions during the Council meeting.

The reports will be provided to Federal and State oversight agencies, bond trustees and insurance companies for their review and evaluation. Copies of the reports are provided to the City Council and also available to the public by contacting the Finance Department or at the Lodi Public Library for reference.

Certificate of Achievement

The City received a Certificate of Achievement for Excellence in Reporting from the Government Finance Officers Association of United States and Canada (GFOA) and the California Society of Municipal Finance Officers (CSMFO) for the ninth year in a row. Copies of these certificates are included in the 2001-02 Financial Report.

Acknowledgments

The Accounting staff of the Finance Department should be commended for their hard work and professionalism in preparing the City's Annual Financial Reports; it is due to their dedication to excellence and to the City that made Lodi recognized by the auditors and other professional financial organizations.

FUNDING: None

Vicky McAthie
Finance Director

APPROVED: Junet Bolton

APPROVED: Junet Bolton

APPROVED: City Manager



Three Embarcadero Center San Francisco, CA 94111

October 30, 2002

The Honorable Members of the City Council and City Manager City of Lodi, California

Ladies and Gentlemen:

We have audited the financial statements of City of Lodi (the City), for the year ended June 30, 2002, and have issued our report thereon dated October 30, 2002. In planning and performing our audit of the financial statements of the City, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control. We have not considered internal control since the date of our report.

During our audit, we noted certain matters involving internal control and other operational matters that are presented for your consideration. These comments and recommendations, all of which have been discussed with the appropriate members of management, are intended to improve internal control or result in other operating efficiencies and are summarized as follows and included in the attachment:

- Copies of reports submitted by the City to the Federal Transit Administration (FTA) in compliance with the FTA's reporting requirements should be printed and kept on file for future reference.
- Payroll certifications submitted by contractors and subcontractors should be tested on a periodic basis for compliance with federal requirements.

Our audit procedures are designed primarily to enable us to form an opinion on the financial statements, and therefore may not bring to light all weaknesses in policies or procedures that may exist. We aim; however, to use our knowledge of the City's gained during our work to make comments and suggestions that we hope will be useful to you.

We would be pleased to discuss these comments and recommendations with you at any time.

This report is intended solely for the information and use of the City Council and management, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,





1. Copies of Submitted Reports - Federal Transit Grant

Observation

Financial status reports required for submission to the Federal Transit Administration (FTA) and requests for reimbursements are submitted on line. The City does not print copies of these reports submitted to FTA for the City's files for future reference.

Recommendation

Failure to print out copies of reports and requests for reimbursement for filing results in the lack of an audit trail for evidence of compliance with reporting requirements.

The Department should keep a copy of each report submitted electronically to FTA as evidence of compliance with the reporting requirements or determine if such documentation can otherwise be obtained.

2. Review of Payroll Certification - Federal Transit Grant

Observation

The City obtains from the contractor or subcontractor payroll certifications to ensure that a contractor or subcontractor is paying their laborers and mechanics the prevailing wage rate established by the Department of Labor. The payroll certifications are not tested to ensure that compliance as represented by the contractors is in accordance with federal requirements.

Recommendation

Non-compliance of contractors with federal requirements on wage rates may result in the suspension or debarment of the contractors. Such suspension or debarment may result in project delays and incurrence of additional costs by the City.

Upon receipt of the payroll certification, the City should periodically examine individual wage details, on a test basis, to ensure that certifications are accurate and wages paid are in accordance with federal requirements.



Three Embarcadero Center San Francisco, CA 94111

October 30, 2002

The Honorable Members of the City Council City of Lodi, California

Ladies and Gentlemen:

We have audited the general purpose financial statements of the City of Lodi, California (the City) for the year ended June 30, 2002, and have issued our report thereon dated October 30, 2002. Under auditing standards generally accepted in the United States of America, we are providing you with the attached information related to the conduct of our audit.

Our Responsibility under Auditing Standards Generally Accepted in the United States of America

We have a responsibility to conduct our audit in accordance with auditing standards generally accepted in the United States of America. In carrying out this responsibility, we planned and performed the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. Because of the nature of audit evidence and the characteristics of fraud, we are to obtain reasonable, not absolute, assurance that material misstatements are detected. We have no responsibility to plan and perform the audit to obtain reasonable assurance that misstatements, whether caused by error or fraud, that are not material to the financial statements are detected.

In addition, in planning and performing our audit, we considered internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control.

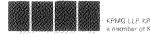
Significant Accounting Policies

The significant accounting policies used by the City are described in note 1 to the financial statements. We noted no transactions entered into by the City during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Management Judgments and Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

We evaluated the key factors and assumptions used to develop estimates and found them to be reasonable in relation to the financial statements taken as a whole.





Audit Adjustments

We proposed no corrections of the financial statements that could, in our judgment, either individually or in the aggregate, have a significant effect on the City's financial reporting process.

In connection with our audit of your financial statements, we have not discussed with management any significant financial statement misstatements that have not been corrected for in your books and records as of and for the year ended June 30, 2002.

Other Information in Documents Containing Audited Financial Statements

Our responsibility for other information in the City's Comprehensive Annual Financial Report does not extend beyond the general purpose financial information identified in our report, and we have no obligation to perform any procedures to corroborate other information contained in the City's Comprehensive Annual Financial Report. We have, however, read the other information included in the City's Comprehensive Annual Financial Report, and no matters came to our attention that cause us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

Disagreements with Management

There were no disagreements with management on financial accounting and reporting matters that, if not satisfactorily resolved, would have caused a modification of our report on the City's financial statements.

Major Issues Discussed with Management Prior to Retention

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no serious difficulties in dealing with management in performing our audit.

* * * * *

This report is intended solely for the information and use of the City Council and Management and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,





Three Embarcadero Center San Francisco, CA 94111

Independent Accountants' Report on Applying Agreed-upon Procedures

The Members of the City Council City of Lodi, California:

We have performed the procedures enumerated below to the accompanying Appropriations Limit Worksheet A of the City of Lodi, California (the City) for the year ended June 30, 2002. These procedures which were agreed to by the City and the League of California Cities (as presented in the publication entitled Agreed-upon Procedures Applied to the Appropriations Limitation Prescribed by Article XIII-B of the California Constitution), were performed solely to assist the City in meeting the requirements of Section 1.5 of Article XIII-B of the California Constitution. The City of Lodi's management is responsible for the Appropriations Limit Worksheet No. 6. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representations regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and our findings were as follows:

We obtained the completed Worksheets A through F and compared the limit and annual
adjustment factors included in those worksheets to the limit and annual adjustment factors that
were adopted by resolution of the City Council. We also compared the population and inflation
options included in the aforementioned worksheets to those that were selected by a recorded vote
of the City Council.

Finding: No exceptions were noted as a result of our procedures.

2. For the accompanying Appropriations Limit Worksheet A, we added line A, last year's limit, to line E, total adjustments, and compared the resulting amount to line F, this year's limit.

Finding: No exceptions were noted as a result of our procedure.

3. We compared the current year information presented in the accompanying Appropriations Limit Worksheet A to the other worksheets described in procedure No. 1 above.

Finding: No exceptions were noted as a result of our procedure.

4. We compared the prior year appropriations limit presented in the accompanying Appropriations Limit Worksheet A to the prior year appropriations limit adopted by the City Council for the prior year.

Finding: No exceptions were noted as a result of our procedure.





We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on the accompanying Appropriations Limit Worksheet A. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. No procedures have been performed with respect to the determination of the appropriation limit for the base year, as defined by Article XIII-B of the California Constitution.

This report is intended solely for the information and use of management and the City Council and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LIP

October 30, 2002

CITY OF LODI, CALIFORNIA

Appropriations Limit Worksheet A Budget Year Ending June 30, 2002

		_	Amount	Source
A.	Last year's limit	\$	51,843,597	
В.	Adjustment factors: 1. Change in per capital personal income 2. Weighted-average change in population		1.0782 1.0190	State Finance Exhibit B
	3. Total adjustment %		1.0987	(B1*B2)
C.	Annual adjustments	\$_	5,116,227	
D.	Other adjustments: Lost responsibility (-) Transfer to private (-) Transfer to fees (-) Assumed responsibility (+)	\$	on contracts.	
	Subtotal		-u nonum	
E.	Total adjustments		5,116,227	
Marie .	This year's limit	\$	56,959,824	(A+E)



Three Embarcadero Center San Francisco, CA 94111

Independent Auditor's Report

The City Council City of Lodi:

We have audited the general purpose financial statements of the City of Lodi, California (the City) as of and for the year ended June 30, 2002 and have issued our report thereon dated October 30, 2002.

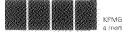
We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and instructions of the State of California Department of Transportation. Those standards and instructions require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Compliance with laws and regulations applicable to the City is the responsibility of the management of the City. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, we performed tests of the City's compliance with certain provisions of laws, regulations, contracts, and grants. However, our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express an opinion.

In connection with our audit, nothing came to our attention that caused us to believe that the City failed to comply with the following requirements of the State Local Transportation Partnership Program insofar as they relate to accounting matters:

- The reimbursement claims submitted to the State of California Department of Transportation for the reconstruction and widening project (Project Number SF98-5154 (001)) are supported by payment vouchers and canceled checks.
- The charges for the various categories for eligible costs incurred by the City are fully supported.
- Ineligible costs were not claimed as reimbursable on the project.
- Local matching funds are from an approved source.

However, our audit was not directed primarily towards obtaining knowledge of such noncompliance.



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This report is intended solely for the information and use of the city council and managements of the City of Lodi and State of California Department of Transportation and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LIP

October 30, 2002



Three Embarcadero Center San Francisco, CA 94111

Independent Auditors' Report

The City Council City of Lodi:

We have audited, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States, the general purposes financial statements of the City of Lodi, California (the City), as of and for the year ended June 30, 2002, and have issued our report thereon dated October 30, 2002.

In connection with our audit, nothing came to our attention that caused us to believe that the City failed to comply with the terms, covenants, provisions, or conditions of Section 6.13 and Exhibits A, D, and E of the 2000 Environmental Abatement Program Bonds dated June 29, 2000 with Lehman Brothers, Inc. insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance.

This report is intended solely for the information and use of the City Council and managements of the City of Lodi and Lehman Brothers, Inc. and is not intended to be and should not be used by anyone other than these specified

KPMG LIP

October 30, 2002



CITY OF LODI, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT Year Ended June 30, 2002

PHILIP PENNINO, MAYOR
SUSAN HITCHCOCK, MAYOR PRO TEMP
EMILY HOWARD, COUNCILMEMBER
KEITH LAND, COUNCILMEMBER
ALAN NAKANISHI, COUNCILMEMBER

H. DIXON FLYNN, CITY MANAGER

Prepared by the Finance Department
Vicky McAthie, Finance Director/Treasurer
Ruby Paiste, Accounting Manager
Coriene Wadlow, Accountant II
Odette Bondoc, Accountant I

TABLE OF CONTENTS	page
PREFACE	ž
INTRODUCTION	
Letter of Transmittal	iv
Certificate of Achievement for Excellence in Financial Reporting	xvi
Certificate of Award - Outstanding Financial Reporting	xvii
Organization Chart of the City of Lodi	xviii
Directory of Officials and Advisory Bodies	xix
FINANCIAL REPORTS	
GENERAL PURPOSE FINANCIAL STATEMENTS	
Independent Auditors' Report on General Purpose Financial Statements and Supplementary Schedule of Expenditures	
of Federal Awards	, person
Combined Balance Sheet - All Fund Types and Account Groups	2
Combined Statement of Revenues, Expenditures and Changes in Fund Balances	**
All Governmental Fund Types and Expendable Trust Funds	4
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances	*
Budget and Actual - General and Special Revenue Funds	5
Combined Statement of Revenues, Expenses and Changes in Fund Equity - All Proprietary Fund Types	6
Combined Statement of Cash Flows - All Proprietary Fund Types	7
Notes to General Purpose Financial Statements	8
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Funding Progress - Pension Plan	44
SUPPLEMENTAL FINANCIAL STATEMENTS	
General Fund	
Overview	46
Comparative Balance Sheets	47
Comparative Statements of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	48
Schedule of Expenditures by Department - Budgetary Level of Control - Budget and Actual Comparison	49
	-

ABLE OF CONTENTS - continued	page
Special Revenue Funds	
Overview	50
Combining Balance Sheet	52
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	53
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	54
Deht Service Fund	
Overview	58
Comparative Statements of Revenues, Expenditures and Changes in Fund Balance	59
Capital Project Funds	
Överview	60
Combining Balance Sheet	61
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	62
Enterprise Funds	
Overview	64
Combining Balance Sheet	65
Combining Statement of Revenues, Expenses and Changes in Fund Equity	66
Combining Statement of Cash Flows	67
Internal Service Fund	
Overview	68
Balance Sheet	69
Statement of Revenues, Expenses and Changes in Fund Deficit	70
Statement of Cash Flows	71
Trust and Agency Funds	
Overview	72
Combining Balance Sheet	73
Combining Statement of Revenues, Expenditures and Changes in Fund Balance -	
Expendable Trust Funds	74
Combining Statement of Changes in Assets and Liabilities - Agency Funds	75
General Fixed Assets and General Long-Term Obligations Account Groups	
Overview	76
Comparative Schedule of General Fixed Assets	77
Schedule of General Fixed Assets by Function and Activity	78
Schedule of Changes in General Fixed Assets by Function and Activity	79

TABLE OF CONTENTS - continued	page
Comparative Schedules of General Long-Term Obligations	80
STATISTICAL TABLES (unaudited)	
General Governmental Revenues by Source - Last Ten Fiscal Years	82
General Governmental Expenditures by Function - Last Ten Fiscal Years	83
General Governmental Tax Revenues by Source - Last Ten Fiscal Years	84
Secured Tax Levies and Collections - Last Ten Fiscal Years	85
Assessed Full Cash Value of all Taxable Property - Last Ten Fiscal Years	86
Property Tax Rates - Direct & Overlapping Governments - Last Ten Fiscal Years	88
Special Assessment Billings and Collections - Last Ten Fiscal Years	89
Ratio of Net General Bonded Debt to Taxable Assessed Value and Net Bonded Debt Per Capita - Last Ten Fiscal Years	90
Computation of Direct and Overlapping General Bonded Debt - June 30, 2002	91
Debt Ratios - June 30, 2002	91
Computation of Legal Debt Margin - June 30, 2002	92
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total Governmental Expenditures	,
- Last Ten Fiscal Years	93
Revenue Bond Coverage - Last Ten Fiscal Years	94
Demographic Statistics - Last Ten Fiscal Years	95
Construction Activity - Last Ten Fiscal Years	96
Bank Deposits - Last Ten Fiscal Years	97
Principal Employers - June 30, 2002	98
Principal Taxpayers - June 30, 2001	99
Surety Bonds of Principal Officials – June 30, 2002	100
Gann Appropriation Limitation - Last Ten Fiscal Years	101
Personnel Authorized - Last Ten Fiscal Years	102
Schedule of Taxable Sales and Permits by Category - Last Ten Fiscal Years	103
Schedule of Business Tax Receipts Issued - Year ended June 30, 2002	105
Miscellaneous Statistics - June 30, 2002	106

TABLE OF CONTENTS - continued	page
SINGLE AUDIT	те и под при при при на при на при на при
Schedule of Expenditures of Federal Awards	107
Notes to Schedule of Expenditures of Federal Awards	108
Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of	
Financial Statements Performed in Accordance with Government Auditing Standards	109
Report on Compliance with Requirements Applicable to Each Major Program	
and Internal Control Over Compliance in Accordance with OMB Circular A-133	American Ame
Schedule of Findings and Questioned Costs	Section 2

PREFACE

The Comprehensive Annual Financial Report (CAFR) has been prepared in order to present the City of Lodi, California (City) monetary results of operations and financial the comprehensive annual remainded report (CALES) has oven prepared in order to present the City. To achieve these goals, the City's CAFR is organized into the following condition as of June 30, 2002, as well as provide statistical information of general interest about the City. four major sections:

This section of the CAFR provides a comprehensive analysis of the City's financial position as of June 30, 2002, as well as summaries of significant policies and practices which affect the City's management of its financial affairs. The Introduction section also includes a directory of City officials and advisory bodies and an organization chart of the City.

This section includes the primary financial statements of the City and is organized into three major areas:

- Independent Auditors' Report
- General Purpose Financial Statements including notes which summarize the City's financial position and results of operations at the
- Supplemental financial statements and schedules, which provide financial information for each of the City's funds and account groups organized by generic fund type: Governmental Funds (General, Special Revenue, Capital Project and Debt Service), Proprietary Funds, Fiduciary Funds and General Fixed Assets and General Long-Term Obligations Account Groups. An overview introduces each of these supplemental financial statements which describes the purpose of each fund or account group.

In accordance with generally accepted accounting principles, the City's financial reporting system is organized on a "fund" basis, which is described further on the following pages

This section includes the following demographic and financial tables which provide current and historical trend information for the City and is organized into four major areas:

- Statistical overview
- General financial trends of revenues, expenditures, property valuation and tax sources for the last ten years
- Long-term indebtedness trends and characteristics
- Demographic and economic base trends and characteristics

PREFACE - CONTINUED

SINGLE AUDIT

The City is required to undergo an annual single audit of its expenditures of federal awards in conformity with the provisions of the Single Audit Act Amendments of 1996 and OMB 133. Information related to this single audit, including the schedule of expenditures of federal awards, findings and recommendations, and independent auditors' reports on internal control and compliance with applicable laws and regulations, is also included in this report.

The City's financial reporting system is organized on a "fund" basis consisting of three major fund types - Governmental, Proprietary and Fiduciary - and two self-balancing Account Groups. The City's various funds as summarized below have been established in order to segregate and identify those financial transactions and resources associated with providing specific activities or programs in conformance with special regulations, restrictions or limitations.

GOVERNMENTAL FUNDS

Most of the City's programs and functions are provided and financed through the following Governmental Funds, which are distinguished by their use of the "flow of current financial resources" measurement focus in determining financial position and changes in financial position:

General Fund
Debt Service
Capital Project Funds
Vehicle and Equipment Fund
Library Capital
Subdivision Capital
Hutchins Street Square Capital
Capital Outlay Reserve Fund
Lodi Lake Capital

Special Revenue Funds

Police Special Revenue Fund Special Grants Fund Streets Fund Transportation Fund Community Development Block Grants Home Program

PROPRIETARY FUNDS

Proprietary funds are distinguished from Governmental funds by their similarity to private sector enterprises, as the intent is that the cost of providing services whether this service is provided to the public (Enterprise Funds) or internally to the organization (Internal Service Funds) - is to be financed or recovered primarily through user charges. Enterprise Funds may also be established to account for operations under which the City or an outside granting agency has decided that a periodic determination of net income under full accrual accounting is appropriate for capital maintenance, public policy, management control, accountability or other public purpose. The following four Enterprise Funds are used by the City: Electric, Sewer, Water and Transit. The Internal Service Fund is used to account for claims and benefits.

PREFACE - CONTINUED

FIDUCIARY FUNDS

Also known as Trust and Agency Funds, the following funds are used to account for assets maintained by the City in a trustee capacity for private individuals, organizations or other governmental agencies:

Expendable Trust Funds
Private Sector Trust
Hutchins Street Square Bequest
Miscellaneous Expendable Trust

Agency Funds
Special Assessments

ACCOUNT GROUPS

Except for assets and liabilities associated with the Proprietary or Fiduciary fund types, the following self-balancing account groups are used for accounting control and accountability for the City's general fixed assets and the unmatured portion of principal outstanding on its general long-term obligations.

General Fixed Assets Account Group General Long-Term Obligations Account Group

INTRODUCTION

CITY COUNCIL

PHILLIP A. PENNINO, Mayor
SUSAN HITCHCOCK, Mayor Pro Tempore
COUNCILMEMBERS:
EMILY HOWARD
KEITH LAND
ALAN NAKANISHI

CITY OF LODI

CITY HALL, 221 WEST PINE STREET
P.O. BOX 3006
LODI, CALIFORNIA 95241-1910
(209) 333-6706
FAX (209) 333-6795

H. DIXON FLYNN
City Manager
SUSAN BLACKSTON
City Clerk
RANDALL A. HAYS
City Attorney

October 30, 2002

To the Honorable Mayor, Members of the City Council and Manager of the City of Lodi:

The Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2002, is hereby submitted. This report is provided to present the financial position, results of operations and cash flows of the City's proprietary funds as of June 30, 2002, in conformity with generally accepted accounting principles. The report conforms to the highest standards of financial reporting as established by the Governmental Accounting Standards Board (GASB), for reporting by State and local governments. The responsibility for the accuracy, fairness and completeness of the report rests with the City.

We believe that the information is accurate in all material respects and that it is presented in a manner designed to fairly present the financial position of the City. In addition, we believe that all disclosures necessary to enable the reader to gain full understanding of the City's financial activities have been included.

The CAFR is presented in four sections: introductory, a financial section, a statistical section and single audit section. The introduction includes the transmittal letter, the City's organization chart and a list of principal officials. The financial section includes the independent auditors' report on the general purpose financial statements and supplementary schedule of funding progress, the financial statements and notes to the financial statements. The single audit section includes the schedule of expenditures of federal awards, notes to the schedule, and reports on compliance and internal control based on the audit of the general purpose financial statements and on compliance and internal control with requirements applicable to each major program in accordance with OMB Circular A-133. The statistical section includes selected financial and demographic information presented on a multi-year basis.

THE REPORTING ENTITY AND SERVICES PROVIDED

The funds and account groups included in the CAFR are those deemed dependent upon the City and controlled by the City Council and reflect the City's financial reporting entity in accordance with GASB Statement 14.

The City provides a wide range of municipal services including public safety (police, fire and graffiti abatement), public utilities services (electric, water and sewer), transportation services (streets, flood control and transit) leisure, cultural and social services (parks and recreation, library and community center), and general government services (management, human resources administration, financial administration, building maintenance and equipment maintenance). Several municipal services are provided through other government agencies, private companies or public utility companies, including:

	Number of Facilities
Elementary and Secondary Schools	13
Sanitation (solid waste) and Cable Television	2
Ambulance	breed
Gas and Telephone	2

ECONOMIC CONDITION AND OUTLOOK

Overview

The City is located in the San Joaquin Valley between Stockton 10 miles to the south, and Sacramento 35 miles to the north, and adjacent to U.S. Highway 99. The City population is 59,431 and is contained in an area of 12.598 square miles. The City has grown steadily since incorporation in 1906 and is projected to grow to 70,500 people by the year 2007. The City's growth is provided for in both the General Plan and the City's growth control ordinance that allows an increase in population of 2% per year until the growth limits are reached.

Lodi is built on a strong and broad based agricultural industry with national and industrial markets for its commodities and products. Wines, processed foods, nuts, fruit and milk are major commodities of the Lodi area and provide the basic material for food processing and packaging. These commodities support the operations of General Mills, Guild Winery and Pacific Coast Producers to name just three companies in the business of processing local agricultural commodities.

In addition, Lodi has a wide range of small, financially sound businesses that add to the economic strength of the City. These companies range in size from 10 to 150 employees and produce a wide variety of products, services and commodities.

There has been an increase in industrial and residential development that has been unprecedented since the early 1980s. This new development combined with the growing strength of the wine/grape industry is a positive indicator for Lodi. The City's focus on economic development has successfully encouraged numerous big industries to move to Lodi that collectively created hundreds of new jobs.

Economic Development

Lodi continues to be committed to promoting economic development (business retention and attraction) and expanding the tax base to fund city services rather than increase taxes to pay for these services. The City developed long and short-term economic development goals in conjunction with the Chamber of Commerce that resulted in the revitalization projects for the downtown and Cherokee Lane areas. In addition to revitalization efforts, the City has adopted a number of incentives to retain and attract new businesses. These incentives included infrastructure improvements, regulatory flexibility, tax credits and utility rate incentives.

MAJOR GOALS, OBJECTIVES AND PROJECTS

To assist the citizens of Lodi understand where the City intends to allocate available resources, the City Council, the City Manager and Department Heads have established a hierarchy of major goals, objectives and major projects that support and re-enforce the City's mission statement.

Five major City goals were established as policy direction and focal points for the efforts of City staff. These goals include:

Improve Customer Service

Enhance Access to Information

Ensure Efficient and Productive City Organization

Enhance Quality of Life and Provide a Safe Environment for Citizens, and

Develop the Lodi Economy

City Council, the City Manager and Department Heads established sixteen major City objectives:

Develop Short and Long Range Operational Plans

Promote Public Relations and Marketing Efforts

Implement Information Systems Strategic Plan

Pursue Efforts to be Entrepreneurial

Maintain City's Sense of Community

Encourage Public Arts, Cultural and Recreational Opportunities

Develop Effective Records Management Program

Promote Commercial/Industrial Base

Provide Resources to Maintain City's Infrastructure

Continue to Use Partnerships to Advance City's Objectives

Promote Urban Forestry

Provide for a Balanced Community

Provide Appropriate and Sufficient City Facilities

Evaluate Telecommunications Opportunities

Provide Employee Training and Education

Develop/Review Policies Relating to Providing Customer Service Projects represent the foundation of the planning statements for the City of Lodi. These projects are designed to accomplish specific objectives and become the

As discussed above, economic revitalization continues to be an active focal point of the City in 2001-02. The following major City projects were planned in the 2001-03 two-year budget document: 1) the renovation and expansion of the old Public Safety Building; 2) the construction of a new Public Safety building; 3) design and development of the DeBenedetti Park/G-Basin; 4) development and construction of an indoor sports center; 5) construction of an outdoor skate park; 6) design and construction of an aquatics center; 7) construction of the civic center Veterans Memorial; 8) construction of a new animal shelter facility; 9) evaluating the feasibility of leasing land to Pro Style Sports for the construction of a sports complex; 10) evaluating the need for providing paramedic/ambulance services; and 11) the implementation of the redevelopment agency.

The Public Safety Building is over thirty years old and it has many mechanical and design deficiencies. Remodeling this building to provide additional workspace, parking and related site improvements, the public safety building remodel will include a complete retrofit of the HVAC system, replacement of jail facility, full compliance with the Americans with Disabilities Act requirements, more space for public safety officers and a Police and Civic center parking structure.

New Police Building

The new Police Station is under construction and will be completed in January 2004. The cost of the project is approximately \$17.5 million. This building is designed to meet the needs of the Police Department for the next 20 years. The project is being paid for with a grant from the State for \$4 million and Certificates of Participation.

The Police Building is designed to be a 54,000 square foot, two-story building to house police operations, including staff offices and work space, property and evidence handling areas, and storage and mechanical rooms. The facility also includes a 5,600 square foot Type 1 jail, 1,000 square foot dispatch center, and 10,000 square feet of expansion shell space for future growth. The site will also include 100 secure parking spaces for police vehicles, a sally port for prisoner transportation and a shelter for police motorcycles. Trash enclosures and an emergency generator will also be installed on the site.

DeBenedetti Park/G-Basin

The project consists of design and development of a 40acre, youth sports complex (with lighted fields) and park within the "G-basin", which provides storm water storage in the park. This project is one of the highest unranked projects identified by the Parks and Recreation Commission and the City Council. The estimated cost of the project is \$11.2 million, which is approximately \$5 million greater than the estimate in June 2001. The project is currently in schematic design and construction design should be completed by January 2003.

Indoor Sports Center

This project consists of development and construction of a 40,000 square foot building to provide space for a gymnasium, exercise rooms, kitchen, meeting rooms and offices for community use. The estimated cost is \$10.9 million and is currently in the schematic design phase. The construction design phase should be completed by February 2003.

Outdoor Skate Park

The outdoor skate park was completed in May 2002 and a formal dedication was held in August 2002. The City contracted with Spohn Ranch to management the park and to provide equipment. The cost of the project to the City was approximately \$540,000.

Aquatics Center

This project consists of design and construction of a recreation pool with water features, a 50-meter competitive pool, snack bar, changing rooms, showers, parking and picnic areas. The estimated cost of the project is \$7 million, which is a \$4 million, increase from the estimate made in June 2001. The project is currently in the schematic design phase and construction design should be completed by March 2003.

Civic Center Veterans Monument

This project was completed and dedicated in May 2002. The cost of the project was approximately \$490,000 and will be reimbursed to the City by the Veterans Advisory Committee. This Monument consists of a 21.5-foot stainless-steel obelisk, a 7-foot granite sphere, an eternal flame and a pool outlined by blue cobalt tile all underlit. The Monument is in a very visible location by City Hall and has received wide acclaim by the community.

Animal Shelter Facility

The Lodi Animal shelter was built in the 1960's to service a community of approximately 26,000. As most shelters built at that time, its purpose was to be a "dog pound", i.e. a place to impound stray and vicious dogs before euthanizing them. The current shelter cannot meet the newly mandated State law or fulfill the expectations of a community eager to provide more humane animal care.

The project is currently in schematic design and construction design should be completed by October 2002. The estimated cost of the project is \$4 million, which is \$1.5 greater than the original estimate made in June 2001. This will be an 18,000 square foot facility on a 3-acre site. It will include kennels, isolation kennels, community classroom, a clinic, storage areas, exercise areas and areas set aside for expansion of kennels.

Sports Complex

The City is evaluating the feasibility of leasing land to Pro Style Sports for the construction of a regional sports complex. This project has been on the drawing board since 1993 with an environmental study due in January 2003. If the project proves to be financially and environmental feasible, it could significantly increase tourism to Lodi and the Central Valley.

Paramedics

The City is evaluating the need for providing paramedic/ambulance services. A private company currently provides this service.

Redevelopment Agency

The greater parts of the historic business and residential areas of Lodi are located in the eastern third of the City. The age of the buildings and infrastructure in this area is between 40 to 90 years old. Many of the buildings reflect the charm of the buildings constructed between the 1890s and 1930s. Many long time residents and businesses continue to live and conduct business in this area. Over the last fifteen to twenty years, private investment has shifted to the City's newer areas in the west and south areas of the City and the number of resident property owners in the "Eastside" areas have decreased. Accordingly, this area has experienced a decline in the level of investment, property maintenance and relative property values. The City Council is committed to maintaining the historic and economic vitality of this area and accordingly, the City has begun the steps necessary to form a Redevelopment Agency to preclude blight and decay and to encourage private investment.

FINANCIAL INFORMATION, MANAGEMENT AND CONTROL

A detailed understanding of the financial position and operating results of the City is provided in the following sections of this report. The following is a brief description of the City's financial condition, management practices and control techniques.

Basis of Accounting

Basis of accounting refers to the policy as to when revenues, expenditures or expenses are recognized in the financial accounts and reported in the financial statements. The City's accounting records for general government operations are maintained on a modified accrual basis. Revenues are recorded when available and measurable. Expenditures are recorded when the services or goods are received and the liability incurred. For proprietary fund types, the City uses the accrual basis of accounting. As such, the measurement focus is on net income in addition to financial position and changes in financial position. Revenues are

recognized when earned and expenses are recognized as the liability is incurred. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

Accounting System and Budgetary Control

In developing the City's accounting system, consideration is given to the adequacy of the internal controls. The objective of the City's internal accounting controls is to provide reasonable, but not absolute, assurance that the assets are safeguarded against loss from unauthorized use or disposition; and to ensure that transactions are properly recorded to permit the preparation of financial statements in accordance with generally accepted accounting principles. The concept of reasonable assurance recognizes that the cost of control should not exceed the benefits likely to be derived and that estimates and judgments are required to be made by management in evaluating these costs and benefits.

In addition, the City maintains budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. The budget is adopted annually. The City Manager is responsible for the preparation of the budget and its implementation after adoption. The City Council has the authority to amend the budget at any time during the year. The City Manager has the authority to make adjustments to the budget as long as those changes will not have a significant policy impact nor affect budgeted year-end balances. During fiscal year 2001-02, the City Council and City Manager made several supplemental budget appropriations the majority of which relate to capital projects.

Fund Balance

It is the City's goal to target and maintain an unreserved, undesignated fund balance in the General Fund and working capital balances in the Electric, Water and Sewer enterprise funds of at least 15% of operating expenditures. The General Fund maintained a fund balance of \$3,063,922 or 10% of operating expenditures at the end of fiscal year 2001-02.

Carryover Policy

A two-year Financial Plan and Budget format provides the City Council and staff with the opportunity to commit operating funds to services over a two-year time frame rather than the traditional one-year period. Under a one-year budget, appropriations lapse at the end of the fiscal year and favorable budget balances are no longer available for operating expenditures except when encumbered under contractual agreements. The two-year Financial Plan and Budget allows for the unexpended operating budget balances to be carried forward to the second year of the Financial Plan provided that the fund balance exceeds the required operating reserve.

Cash Management

The City has written investment policies that address a wide range of investments. These policies describe the City's investment objectives, investment authority, allowable investment vehicles, maturity terms and eligible financial institutions. They also describe the City's capital preservation and cash management objectives. As provided in the policy, investments are intended to be held until maturity and investment terms are to be consistent with the City's cash flow needs. Investment reports are issued both monthly and quarterly to the City Manager and City Council to provide detailed information regarding the City's investments and compliance with City policy and as required by state law. An important objective of the City's investment policy is to achieve a reasonable rate of return on public funds while minimizing risks and preserving capital. In evaluating the performance of the City's investment portfolio, investments are expected to yield a rate of return that regularly meets or exceeds an average rate of return on a three-month U.S. Treasury Bill.

The City received an award again this fiscal year from the Municipal Treasurer's Association of the United States and Canada (MTA) for the Investment Certification Program. This award program is designed to recognize outstanding written investment policies and to provide professional guidance and assistance in developing and improving existing investment policies in the government sector. In addition, the Treasurer and Deputy Treasurer of the City are Certified California Municipal Treasurers (CCMT).

Appropriation Limitation

Article XIII B of the Constitution of the State of California (Proposition 4) provides for the limitation of expenditures by state and local governments. Under the provisions of this article, City appropriations funded through tax sources may not exceed Fiscal Year 1979 appropriation levels except as adjusted for increases in population and the growth in the California per capita income or non-residential assessed valuation due to new construction within the city.

Excluded from the limitation are appropriations funded through charges for services, fines and forfeitures, grants, transfers of service responsibilities between government agencies and indebtedness incurred prior to Fiscal Year 1979. Pursuant to subsequent legislation adopted after Article XIII B, the City is required to annually establish and adopt its appropriations limit by resolution. For 2001-02, the City's appropriations subject to limit were \$25,610,753 and the appropriation limit was \$56,959,824 a favorable variance of \$31,349,071.

Debt Administration

The City issued a \$5.0 million Certificates of Participation (1995) COP that was issued to fund its share of the improvements downtown and Cherokee Lane. These bonds were recently refunded by the issuance of the 2002 Certificates of Participation. The City also issued a \$1.97 million limited obligation improvement bonds for the Central City Revitalization Assessment District on July 22, 1996. The improvement bonds of the assessment district are not general obligations of the City.

The City also issued \$10.12 million for the renovation of the Performing Arts Center on August 1, 1996; the 2002 Certificates of Participation also refunded these bonds. In addition, the Electric Utility issued \$43.96 million Certificates of Participation to finance the costs of certain improvements to the distribution and transmission facilities of the City's electric system. These bonds were also refunded by the issuance of the 2002 Electric Systems Revenue Certificates of Participation. The City is also authorized to issue up to \$16 million for the Environmental Abatement Program for the clean up effort of the groundwater contamination of PCE/TCE around the downtown area. At June 30, 2002, the City had outstanding Certificates of Participation of \$101,675,348. These liabilities are discussed in Note 7 of the General Purpose Financial Statements.

The City's debt management policy includes a commitment to monitor all forms of debt annually during the preparation of the City's Financial Plan and Budget to ensure compliance. Also, the City will generally conduct financing on a competitive basis, will seek an investment grade rating on any direct debt and will obtain credit enhancements such as letters of credit or insurance when necessary for marketing purposes, availability and cost effectiveness.

Interim Financial Reporting

Monthly financial reports are prepared to present the City's financial condition and results of operations. These reports are organized using the "pyramid" approach. As such, the highest level of summary data is presented first, followed by progressively greater levels of detail. The reports provide current period and year to date revenues, expenditures and encumbrances for all activities and funds, including year to date estimates and variances.

The City is subject to financial and compliance reporting required by the Single Audit Act Amendments of 1996 and OMB 133, which is a requirement of all local and state governments receiving federal financial awards. As part of the Single Audit, tests are made to determine the adequacy of internal controls, including that portion related to federal financial awards, as well as to determine that the City has complied with certain applicable laws and regulations governing federal funds.

All required purchases for materials, equipment and services during 2001-02 were made pursuant to competitive bidding procedures as established under the City's purchasing ordinance. Contracts for construction projects were awarded pursuant to competitive bidding procedures established by the State of California for projects in excess of \$5,000.

The City is self-insured for dental care, workers' compensation, general liability and unemployment insurance. General liability and workers' compensation are administered by outside agencies. The City administers unemployment insurance. Self-insurance transactions are accounted for under the City's Claims and Benefits Fund. At June 30, 2002, the Claims and Benefits Fund had a deficit of \$1,552,940. The City plans to implement the deficit reduction plan recommended by an actuary to gradually eliminate the deficit in the Internal Service Fund.

FINANCIAL HIGHLIGHTS

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for effectively managing the financial resources of the City.

The following table presents a summary of the general fund, special revenue funds, capital project funds, expendable trust funds and debt service fund revenues for the fiscal year ended June 30, 2002, and the amount of increases and decreases in relation to prior year revenues. As provided and discussed below, revenues increased by \$11,749,029 or 27.94 % from 2001.

REVENUES

		2002		2001				
	V	Amount	% of Total	Amount	% of Total		Variance by Amount	Variance by Percent
Taxes	\$	23,043,057	42.83%	\$ 21,909,208	52.09%	\$	1,133,849	5.18%
Licenses and Permits		1,464,450	2.72%	1.592,227	3.79%		(127,777)	-8.03%
Intergovernmental Revenue		21,999,959	40.89%	11.641,304	27.68%		10,358,655	88.98%
Charges for Services		3,887,563	7.22%	4,248,586	10.10%		(361,023)	-8.50%
Fines, Forfeitures and Penalties		806,212	1.50%	765,223	1.82%		40,989	5.36%
Investment and Rental Income		1,238,926	2.30%	1.518,554	3.61%		(279,628)	-18.41%
Miscellaneous Revenues		1,367,084	2.54%	383,120	0.91%		983,964	256.83%
TOTAL	\$	53,807,251	100.00%	\$ <u>42,058,222</u>	100.00%	\$_	11,749,029	27.94%

Factors contributing to material changes in general government revenues from the prior year are provided below:

- 1. <u>Taxes.</u> Property Tax Current secured growth in Lodi for the period of 2001-02 increased by 10.22%, which is \$222,770 over last year. Other factors contributing to the increase of property taxes were the annexation of Tecklenburg/Beckman Annexation (27.8 acres) and the Woodbridge Middle School Annexation (11.75 acres).
 - Other factors include Sales Tax which reflects an average increase of 3.2% or \$256,365 over the same period last year; Cable TV franchise revenue increased by 55.5% or \$101,152; an increase in-lieu franchise fees of \$319,307 and the increase in refuse franchise in-lieu by \$174,603.
- 2. <u>Intergovernmental revenue.</u> The increase of \$10,358,655 is primarily from reimbursements received from State and Federal grants for the multiple street and capital projects during the year. It also includes the \$4.0m received from the State for the construction of the new public safety building.
- 3. <u>Charges for services.</u> The decrease of \$361,023 is mainly due to the decrease in development impact fees. The developers pay development impact fees before construction; hence, the new subdivisions constructed during the year were paid in the prior year.
- 4. <u>Investment and rental income</u>. The decrease of \$279,628 is the result of lower interest rates on investments and the decrease in rental activities in Parks and Recreation facilities.
- 5. <u>Miscellaneous revenues</u>. The increase of \$983,964 is mostly due to a one-time sale of City property of \$907,505 and an increase in donations of \$70,000 from the Private Sector Fund to the Library Capital Fund.

Expenditures

The following table presents a summary of general fund, special revenue funds, capital project funds, expendable trust funds and debt service fund expenditures for the fiscal year ended June 30, 2002, and the increases and decreases in relation to prior year amounts. Current expenditures increased by \$5,667,133 or 12.35% in 2002 over 2001.

EXPENDITURES									
	21	2002			2001			Variance	
	Amount	% of Total	me	Amount	% of Total		by Amount	by Percent	
General Government	\$ 8,986,802	27.76%	\$	8,862,277	27.22%	\$	124,525	1.41%	
Public Protection	13,561,918	41.89%		13,190,372	40.51%		371,546	2.82%	
Public Works	5,740,712	17.73%		6,312,323	19.39%		(571,611)	-9.06%	
Library	1,227,663	3.79%		1,198,449	3.68%		29,214	2.44%	
Parks and Recreation	2,860,433	8.83%		2,999,186	9.21%		(138,753)	-4.63%	
	\$ 32,377,528	100.00%	\$	32,562,607	100.00%	\$	(185,079)	-0.57%	
Capital Outlay	17,948,191			12,044,436			5,903,755	49.02%	
Debt Service	1,233,699		****	1,285,242			(51,543)	-4.01%	
TOTAL	\$ 51,559,418		\$	45,892,285		\$	5,667,133	12.35%	

Factors contributing to material changes of 10% or higher in general government expenditures from the prior year are provided below:

Capital Outlays. The increase of \$5,903,755 is attributed to the numerous major streets and capital projects undertaken during the year i.e., Lower Sacramento Road expansion, Beckman Road reconstruction, Stockton Street reconstruction, Elm Street reconstruction, construction of the Lodi Station Parking structure.

Enterprise Activities

Enterprise funds are used to finance and account for the acquisition, operation and maintenance of City facilities and services that are entirely or predominantly supported by user charges. Enterprise operations are accounted for in such a manner as to show profit or loss as in comparable private enterprises. At June 30, 2002, the City operated four enterprise funds that include electric, sewer, water, and transit. Total fiscal year operating loss was \$29,959,182 and is mainly due to the increase in bulk power costs. The City Council has approved a 5% electric rate increase which will become effective December 6, 2002, to recover these costs. Total fund equity is \$55,233,830 and represents a 27% decrease over fiscal year 2001. Additional enterprise fund financial information can be found in Note 18 of the general-purpose financial statements.

Internal Service Activities

Internal service funds are used to account for financing goods or services provided by one department or agency to another on a cost reimbursement basis. At June 30, 2002, the City maintained one internal service fund for claims and benefits. The total fiscal year 2001-02 net loss after operating transfers was \$17,797 with a retained deficit balance of \$1,552,940. Additional information can be found in Notes 16 and 17 of the general-purpose financial statements.

Fiduciary Fund Operations

The City maintains Expendable Trust Funds to account for and administer bequests for the Hutchins Street Square/Community Center and the Library. Agency Funds are used to account for and administer the Special Assessment funds.

INDEPENDENT AUDIT

The City Council requires an annual audit of the records and accounts of the City by an independent certified public accountant. The accounting firm of KPMG LLP was selected to perform this audit. The independent auditors' report precedes the general purpose financial statements and concludes that the City's general purpose financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America.

CERTIFICATES OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) and the California Society of Municipal Finance Officers (CSMFO), both awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2001. These Certificates of Achievement are prestigious national and state awards recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City has received a Certificate of Achievement for the last nine years (fiscal years ended June 30, 1993 through 2001). We believe our current report continues to conform to the Certificate of Achievement program requirements and we are submitting it to GFOA and CSMFO.

ACKNOWLEDGMENTS

The professionalism, dedication and efficiency of the Finance Department Accounting staff made it possible for the timely preparation of this report and are to be commended. I would also like to thank Ruby Paiste, Accounting Manager, and Cory Wadlow, Accountant II, for their continued attention to detail and proactive approach to meeting future challenges such as GASB 34.

I would also like to thank you for your continued interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

vicky L. M'athie

Vicky McAthie

Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Lodi, California

For its Comprehensive Annual Financial Report for the Fiscal Year Ended June 30, 2001

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

The Government Finance Officers Association of the United States and Canada (GFOA) Certificate of Achievement for Excellence in Financial Reporting

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Lodi for this comprehensive annual financial report for the fiscal year ended June 30, 2001. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded the Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. 2001 was the 9th year that the City of Lodi received a Certification of Achievement. We believe our current report continues to conform to the program requirements, and we are submitting it to GFOA.



JmsA Grewer

ffrey L. Esser
Executive Director

California Society of Municipal Finance Officers

Certificate of Award

Outstanding Financial Reporting 2000-2001

Presented to the

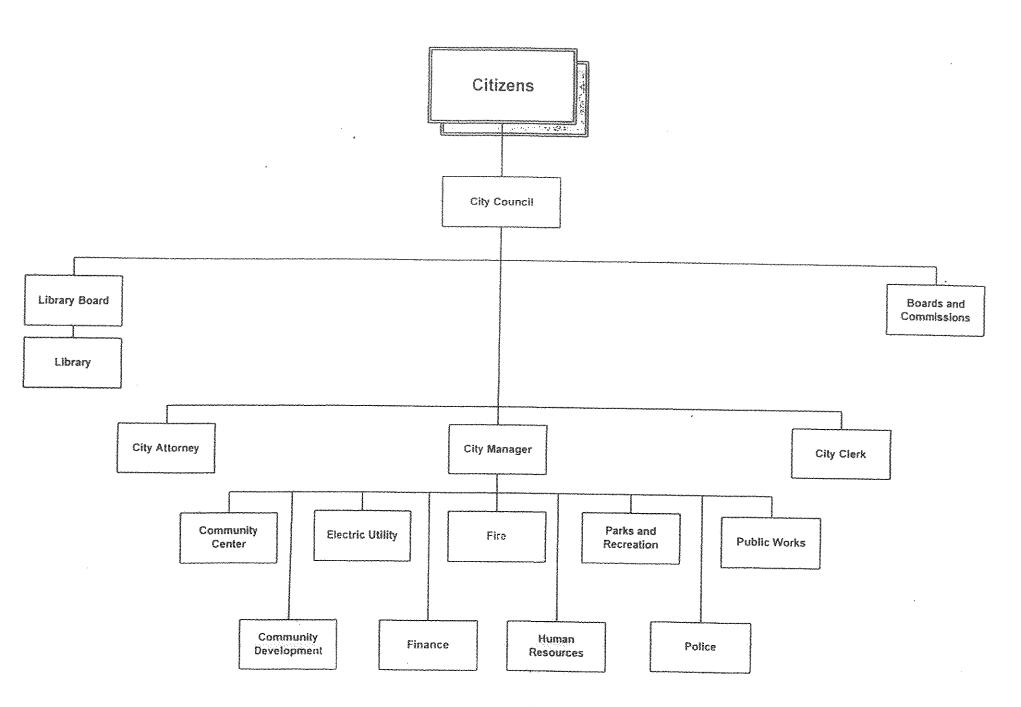
City of Lodi

This certificate is issued in recognition of meeting professional standards and criteria in reporting which reflect a high level of quality in the annual financial statements and in the underlying accounting system from which the reports were prepared.

February 20, 2002

Chair, Professional & Technical Standards Committee

Dedicated to Excellence in Municipal Financial Management



xviii

DIRECTORY OF OFFICIALS AND ADVISORY BODIES

CITY COUNCIL

Phillip Pennino Susan Hitchcock Emily Howard Keith Land Alan Nakanishi

ADVISORY BODIES

Planning Commission
Library Board
Recreation Commission
Site Plan and Architectural Review Committee

PRINCIPAL ADMINISTRATIVE OFFICERS

H. Dixon Flynn
Randall Hays
Susan Blackston
Nancy Martinez
Vicky McAthie
Mike Pretz
Charlene Lange
Joanne Narloch
Richard Prima
Alan Vallow
Konradt Bartlam
Jerry Adams
Roger Baltz

Mayor

Mayor Pro Temp Council Member Council Member Council Member

Eastside Improvement Committee Lodi Arts Commission Youth Commission Lodi Senior Citizens' Commission

City Manager City Attorney City Clerk

Library Services Director Finance Director/Treasurer

Fire Chief

Community Center Director Human Resources Director Public Works Director Electric Utility Director

Community Development Director

Police Chief

Parks & Recreation Director

FINANCIAL REPORTS GENERAL PURPOSE FINANCIAL STATEMENTS



Three Embarcadero Center San Francisco, CA 94111

Independent Auditors' Report

The Honorable Members of City Council City of Lodi, California:

We have audited the accompanying general purpose financial statements of the City of Lodi, California (the City), as of and for the year ended June 30, 2002, as listed in the accompanying table of contents. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Lodi, California as of June 30, 2002, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

KPMG

In accordance with Government Auditing Standards, we have also issued our report dated October 30, 2002 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The supplementary information listed in the accompanying table of contents reflecting the funding progress relative to the City's portion of the California Public Employees Retirement System on page 44 is not a required part of the general purpose financial statements, but is a disclosure required by Government Accounting Standards Board, and we did not audit and do not express an opinion on such information. We have applied to the schedule of funding progress certain limited procedures prescribed by professional standards, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the schedule.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the City taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the general purpose financial statements of the City. The supplemental financial statements and schedules listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the City. The schedule of expenditures of federal awards and supplemental financial statements have been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

The statistical section listed in the accompanying table of contents is presented for the purpose of additional analysis and is not a required part of the general purpose financial statements of the City. Such additional information has not been subjected to the auditing procedures applied in our audit of the general purpose financial statements, and, accordingly, we do not express an opinion thereon.



October 30, 2002

CITY OF LODI COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS June 30, 2002

Fiduciary

	G	overnmental Fun	d Type	Proprietary F	und Type	Fund Type	Account	Groups		
							General	General		
		Special	Capital		Internal	Trust and	Fixed	Long-Term		Total
	General	Revenue	Projects	Enterprise	Service	Agency	Assets	Obligations		(Memorandum Only)
Assets and Other Debit										
Cash and investments (note 3) \$	772,943	176,542	10,339,787	2,557,023	978,977	1,272,304			\$	16,097,576
Restricted assets (notes 1 and 3)			12,781,863	22,962,827						35,744.690
Advance receivables (notes 1 and 15)		1,084,000		692,887						1,776,887
Receivables:										
Accounts	3,423,318	304,183	706,701	5,226,915	185,911	1,598				9,848,626
Property taxes (note 4)	762,232	23,398	319,564							1,105,194
Special assessments						40,894				40,894
Interest			93,733	43,178	8,922	3,580				149,413
Due from other funds or										
governmental agencies (note 8)	263,086	4,212,259	40,090	5,573,428						10,088,863
Inventory	120,623			1,979,890						2,100,513
Deferred financing costs				1,370,219						1,370,219
Other assets	23,130			11,819	6,250	9,776				50,975
Fixed assets (note 5)				92,371,896			91,536,524			183,908,420
Other debit:										
Amount to be provided for general										
long-term debt obligations					-			33,773,224		33,773,224
Total assets and other debit \$	5,365,332	5,800,382	24,281,738	132,790,082	1,180,060	1,328,152	91,536,524	33,773,224	\$ ===	296,055,494

(continued on next page)

CITY OF LODI COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS - continued June 30, 2002

						Fiduciary				
	G	Sovernmental Fur	nd Type	Proprietary F	und Type	Fund Type	Account		-	
		Consist	en 14-2			780	General	General		
	Connect	Special	Capital	T	Internal	Trust and	Fixed	Long-Term		Total
Liabilities, Fund Equity and Other Credits	General	Revenue	Projects	Enterprise	Service	Agency	Assets	Obligations		(Memorandum Only)
crosmics, a una exempana outer succins										
Liabilities:										
Accounts payable and other liabilities \$	1,426,820	144,894	268,422	3,032,459		718,785			\$	5,591,380
Accrued salaries and wages	574,590			2						574,592
Accrued interest				886,899						886,899
Due to other funds or other governmental agencies (note 8)		1,398,739	3,624,831	1,720,079						6,743,649
Accrued compensated absences (note 7)	300,000			1,469,414				5,923,459		7,692,873
Deferred revenue		1,084,000	480,000	884,466						2,448,466
Self-insurance reserve (notes 14 and 16)					2,733,000					2,733,000
Capitalized lease obligations (note 7)								859,765		859,765
Certificates of participation payable,										
net of discount (note 7)				66,903,052				26,745,000		93,648,052
Notes payable (note 7)				2,659,881				245,000		2,904,881
Total liabilities	2,301,410	2,627,633	4,373,253	77,556,252	2,733,000	718,785		33,773,224		124,083,557
Frank Franks.										
Fund Equity:				45 040 000						
Contributed capital (notes 9 and 19)				13,310,898						13,310,898
Investment in general fixed assets				44 200 020	/4 550 0 to		91,536,524			91,536,524
Retained earnings (deficit) (notes 9 and 17)				41,922,932	(1,552,940)					40,369,992
Fund balances: (note 9)	475.044									479.00 1
Reserved for library	475,644	4 OFO 704	0.000 774							475,644
Reserved for encumbrances	260,041	1,358,721	2,003,771							3,622,533
Reserved for inventory	120,623	4.044.000	47 004 744							120,623
Unreserved-designated	0.007.044	1,814,028	17,904,714			609,367				20,328,109
Unreserved-undesignated	2,207,614	0 470 740	40.000.405	***************************************						2,207,614
Total fund equity (deficit) and other credits	3,063,922	3,172,749	19,908,485	55,233,830	(1,552,940)	609,367	91,536,524			171,971,937
Commitments and contingent liabilities (notes 6 and 20)										
Total liabilities, fund equity and other credits \$	5,365,332	5,800,382	24,281,738	132,790,082	1,180,060	1,328,152	91,536,524	33,773,224	\$	296,055,494
· · · · · · · · · · · · · · · · · · ·	***************************************	Annual Company of the							-	

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS Year ended June 30, 2002

					Fiduciary	
		Governmente	I Fund Type		Fund Type	
		Special	Debt	Capital	Expendable	Total
	<u>General</u>	Revenue	Service	<u>Projects</u>	Trust	(Memorandum Only)
Revenues:						W. W. W.
Taxes		775,524		1,692,200		\$ 23,043,057
Licenses and permits	1,464,450					1,464,450
Intergovernmental revenues	4,515,275	13,228,633		4,256,051		21,9 99 ,959
Charges for services	1,746,045	1,333,524		807,994		3,887,563
Fines, forfeits and penalties	806,212					806,212
Investment and rental income	515,748	110,617		607,581	4,980	1,238,926
Miscellaneous revenue	137,087	24,746		1,186,890	18,361	1,367,084
Total revenues	29,760,150	15,473,044		8,550,716	23,341	53,807,251
Expenditures:						
Current:						
General government	8,986,802					8,986,802
Public protection	13,094,347	467,571				13,561,918
Public works	5,032,251	708,461				5,740,712
Library	1,157,663				70,000	1,227,663
Parks and recreation	2,860,433				,	2,860,433
Capital outlay	148,282	11,563,048		6,236,861		17,948,191
Debt service:	, , , , , , , , , , , , , , , , , , , ,					12,00,000
Interest and fiscal charges			678,699			678,699
Principal payments			555,000			555,000
Total expenditures	31,279,778	12,739,080	1,233,699	6,236,851	70,000	51,559,418
i mees makamismismi		1 1 2 2 2 3 3 4 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5	2 3 con Jan. 194 3 day 194 344		***************************************	V 7,500,7730
(Deficiency) excess of revenues (under) over expenditures	(1,519,628)	2,733,964	(1,233,699)	2,313,855	(46,659)	2,247,833
Other financing sources (uses):						
Operating transfers in (note 10)	5,372,694	578,218	1,233,699	5,315,056		12,499,667
Operating transfers out (note 10)	(4,883,104)	(3,189,750)		(4,979,211)	(18,361)	(13,070,426)
Capital lease proceeds (note 7)	148,282					148,282
Proceeds from bond refunding				13,269,086		13,269,086
Payment to refunded bond escrow				(13,269,086)		(13,269,086)
Proceeds of Certificate of Participation				13,395,749		13,395,749
Total other financing sources (uses)	637,872	(2,611,532)	1,233,699	13,731,594	(18,361)	12,973,272
(Deficiency) excess of revenues and other financing source	S					
(under) over expenditures and other financing uses	(881,756)	122,432		16,045,449	(65,020)	15,221,105
Fund balance, June 30, 2001	3,945,678	3,050,317	-1975-000 (1775-1775) - 1975-1775 - 1975-1775 - 1975 - 1975-1775 - 1975-1775 - 1975-1775 - 1975-1775 - 1975-1775	3,863,036	674,387	11,533,418
Fund balance, June 30, 2002 \$	3,063,922	3,172,749		19,908,485	609,367	\$ 26,754,523

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COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL - GENERAL AND SPECIAL REVENUE FUNDS Year ended June 30, 2002

	414104-2	General Fund		S	pecial Revenue Fun	ds	To	tal (Memorandum Only	\ }
	11-211-11-11-11-11-11-11-11-11-11-11-11-		Variance	St. 24 million for committee the committee of the committ		Variance			Variance
	Revised		Favorable	Revised		Favorable	Revised		Favorable
	Budget	Actual	(Untavorable)	Budget	Actual	(Unfavorable)	Budget	Actual	(Unfavorable)
Revenues:					January Communication of the C	and the second s	And the same of th		and the same of th
Taxes	\$ 20,388,93	39 20,575,333	186,394	753,405	775,524	22,119	21,142,344	21,350,857	\$ 208,513
Licenses and permits	1,595,58	34 1,464,450	(131,134)				1,595,584	1,464,450	(131,134)
intergovernmental revenues	4,457,77	⁷ 2 4,515,275	57,503	16,020,373	13,228,633	(2,791,740)	20,478,145	17,743,908	(2,734,237)
Charges for services	1,644,91	1,746,045	101,131	808,000	1,333,524	525,524	2,452,914	3,079,569	626,655
Fines, forfeits and penalties	808,03	32 806,212	(1,820)				808,032	806,212	(1,820)
Investment and rental income	779,20	M 515,748	(263,456)	228,380	110,617	(117,763)	1,007,584	626,365	(381,219)
Miscellaneous revenue	79,77	<u> 137,087</u>	57,312		24,746	24,746	79,775	161,833	82,058
Total revenue	29,754,22	29,760,150	5,930	17,810,158	15,473,044	(2,337,114)	47,564,378	45,233,194	(2,331,184)
Expanditures:									
Current:									
General government	10,092,12	5 8,986,802	1,105,323				10,092,125	8,986,802	1,105,323
Public protection	13,130,10	2 13,094,347	35,755	693,354	467,571	225,783	13,823,456	13,561,918	261,538
Public works	5,331,61	6 5,032,251	299,365	2,358,970	708,461	1,650,509	7,690,586	5,740,712	1,949,874
Library	1,198,27	3 1,157,863	40,610		·		1,198,273	1,157,663	40,610
Parks and recreation	3,138,34	0 2,860,433	277,907				3,138,340	2,860,433	277,907
Capital outlay	148,28	2 148,282		14,465,616	11,563,048	2,902,568	14,613,898	11,711,330	2,902,568
Total expenditures	33,038,73		1,758,960	17,517,940	12,739,080	4,778,860	50,556,678	44,018,858	6,537,820
(Deficiency) excess of revenues (under) over expenditures	(3,284,51	8) (1,519,628)	1,764,890	292,218	2,733,964	2,441,746	(2,992,300)	1,214,336	4,206,636
Other financing sources (uses):									
Operating transfers in	5,372,69	4 5,372,694		578,218	578,218		5,950,912	5,950,912	
Operating transfers out	(4,883,10	(4,883,104)		(3,189,750)	(3,189,750)		(8,072,854)	(8,072,854)	
Capital lease proceeds	148,2	32 148,282					148,282	148,282	
Total other financing sources (uses)	637,87	2 637,872		(2,611,532)	(2,611,532)		(1,973,660)	(1,973,660)	
(Deficiency) excessof revenues and other									
financing sources (under) over expenditures									
and other financing uses	(2,646,64	6) (881,756)	1,764,890	(2,319,314)	122,432	2,441,746	(4,965,960)	(759,324)	4,206,636
Fund balance, June 30, 2001	3,945,67	8 3,945,678		3,050,317	3,050,317		6,995,995	6,995,995	
Fund balance, June 30, 2002	\$ 1,299,03	2 3,063,922	1,764,890	731,003	3,172,749	2,441,746	2,030,035	6,236,671	4,206,636

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY ALL PROPRIETARY FUND TYPES

Year ended June 30, 2002

		internal	Total
	Enterprise	Service	(Memorandum Only)
Operating revenues:			
Charges for services	\$ 55,685,209	340,653	\$ 56,025,862
Operating expenses:			
Personnel services	5,482,639	269,042	5,751,681
Supplies, materials and services	23,234,519	2,736,984	25,971,503
Utilities	54,090,914		54,090,914
Depreciation and amortization	2,836,319		2,836,319
Claims payments	30-400-440-440-440-440-440-440-440-440-4	1,401,350	1,401,350
Total operating expenses	85,644,391	4,407,376	90,051,767
Operating loss	(29,959,182)	(4,066,723)	(34,025,905)
, ,			
Nonoperating revenues (expenses):			
Investment income (expenses), net	(661,090)	54,441	(606,649)
Rent	219,770		219,770
Fees received from developers	570,959	4 DD D4 D	570,959
Other revenues	5,907,615	163,218	6,070,833
Total nonoperating revenues	6,037,254	217,659	6,254,913
Loss before capital contributions and operating transfers	(23,921,928)	(3,849,964)	(27,770,992)
Capital contributions	6,237,582		6,237,582
Operating transfers in (note 10)	2,865,902	3,831,267	6,697,169
Operating transfers out (note 10)	(6,126,410)		(6,126,410)
Total operating transfers	2,977,074	3,831,267	6,808,341
Net loss	(20,944,854)	(17,797)	(20,962,651)
Add: Depreciation on contributed assets	455,869		455,869
Net decrease to retained earnings	(20,488,985)	(17,797)	(20,506,782)
Retained earnings (deficit), June 30, 2001	62,411,917	(1,535,143)	60,876,774
Retained earnings (deficit), June 30, 2002	41,922,932	(1,552,940)	40,369,992
Contributed capital, June 30, 2001	13,766,767		13,766,767
Depreciation on contributed assets	(455,869)		(455,869)
Contributed capital, June 30, 2002	13,310,898	A	13,310,896
Total fund equity (deficit), June 30, 2002 (note 17)	\$ 55,233,830	(1,552,940)	\$53,680,890

CITY OF LODI COMBINED STATEMENT OF CASH FLOWS PROPRIETARY FUND TYPES Year ended June 30, 2002

		Enterprise	Internal Service	{N	Total emorandum Only)
Cash flows from operating activities:	-	A CONTRACTOR OF THE PARTY OF TH	an annual market and a state of the state of	-3	
Operating loss:	\$	(29,959,182)	(4,066,723)	\$	(34,025,905)
Adjustments to reconcile operating loss to					(* 1,***)****/
net cash provided by (used in) operating activities:					
Depreciation and amortization		2,836,319			2,836,319
Other revenues		5,907,615	163,218		6,070,833
Changes in assets and liabilities:					-,- ,
Decrease (increase) in accounts receivable		3,272,845	(101,436)		3.171.409
Decrease in advance receivable		4,040,209	,		4,040,209
Increase in advance deposit		(587)			(587)
Decrease in interest receivable		111,848	18,657		130,505
Decrease in due from other funds		958,639			958,639
Increase in inventory		(269,416)			(269,416)
Decrease (increase) in other assets		42,868	(6,250)		36,618
Decrease in accounts payable and other liabilities		(826,407)	• • •		(826,407)
Decrease in accrued salaries and wages		(35)			(35)
Decrease in accrued interest		(188,866)			(188,866)
Increase in due to other funds		318,768			318.768
increase in accrued compensated absences		347,135			347,135
Increase in deferred revenue		16,248			16,248
Change in self-insurance reserve			(843,629)		(843,629)
Net cash used in operating activities	manope	(13,391,999)	(4,836,163)		(18,228,162)
Cash flows from noncapital financing activities:					
Operating transfers in		2,865,902	3,831,267		6,697,169
Operating transfers out		(6,126,410)			(6,126,410)
Fees received from developers		570,959			570,959
Net cash (used in) provided by non-capital financing activities	-(M-40-4	(2,689,549)	3,831,267	***************************************	1,141,718
Cash flows from capital financing activities:					
Proceeds from Certificates of Participation		16,153,507			16,153,507
Issuance costs- Certificates of Participation		(1,216,398)			(1,216,398)
Acquisition and construction of capital assets		(8,005,611)			(8,005,611)
Principal payments on debt		(1,383,837)			(1,383,837)
interest payments on debt		(2,101,743)			(2,101,743)
Capital contributed		4,131,861			4,131,861
Net cash provided by capital financing activities	-	7,577,779		- Andrews	7,577,779
Cash flows from investing activities:					
Rent of City property		219,770			219.770
Interest on investments		1,727,342	54,441		1,781,783
Net cash provided by investing activities		1,947,112	54,441	~~~~	2,001,553
Net decrease in cash and cash equivalents		(6,556,657)	(950,455)		(7,507,112)
Cash and cash equivalents at beginning of year		9,113,680	1,929,432		11,043,112
Cash and cash equivalents at end of year	\$	2,557,023	978,977	\$	3,536,000

Noncash Investing, Capital and Financing Activities

Enterprise Funds - The City received donated fixed assets valued at \$6,237,582 for the year ended June 30, 2002.

(1) Summary of Significant Accounting Policies

The City of Lodi (City) was incorporated on December 6, 1906, as a municipal corporation under the General Laws of the State of California. The City operates under a Council-Manager form of government and provides the following services: general government, public works, public protection (police and fire), public utilities, library, parks and recreation.

The accounting policies of the City conform to generally accepted accounting principles (GAAP) as applicable to governments in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for governmental accounting and financial reporting principles.

The following is a summary of the more significant policies:

(a) Reporting Entity

An elected five-member council governs the City of Lodi. As required by GAAP, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The component units, although legally separate entities, are, in substance, part of the City's operations and therefore, their activities are blended with data of the City.

The blended component units of the City are as follows:

The Lodi Public Improvement Corporation (LPIC) was formed on April 26, 1988, for the purpose of rendering financial assistance to the City in the issuance of the 1988 Certificates of Participation (refunded by the issuance of the 1991 Certificates of Participation) to finance the expansion of the City's White Slough Pollution Control Facility, the 1995 and 1996 Certificates of Participation to finance the Central City Revitalization Projects and the Performing Arts/ Conference Center, (refunded by the issuance of the 2002 Certificates of Participation) and the recent issuance of the 1999 Certificates of Participation to finance the Electric Systems improvements (refunded by the 2002 Electric Improvement bonds). The City Council constitutes the Board of Directors of LPIC. The funds of LPIC have been included in the Enterprise (Electric and Sewer) Fund and in the Capital Projects Fund in the accompanying general-purpose financial statements.

The Lodi Financing Corporation (LFC) was formed on October 12, 1999, for the purpose of assisting the City with the financing of the costs of its environmental abatement program and enhancing the water supply of the City for the use, benefit and enjoyment of the citizens served by the City. On June 29, 2000, the Lodi Financing Corporation was authorized to issue Variable rate Certificates of Participation quarterly on each January 1, April 1, July 1 and October 1, beginning October 2000; provided however, that the aggregate principal amount shall not exceed Sixteen Million Dollars (\$16,000,000). Total bonds issued as of June 30, 2002, were \$11,500,000. These issues were intended to fund the continued commitment of the City as the lead agency in initiating and prosecuting environmental enforcement actions to compel responsible parties to investigate and clean up all actual or potential dangers to public health and the environment arising from or related to hazardous substance contamination of portions of the City's groundwater and soil located within an area approximately 600 acres and encompassing the City's central business area. The City Council is the Board of Directors of LFC. The funds of LFC are included in the Water Fund in the accompanying general-purpose financial statements.

Notes to General Purpose Financial Statements (continued)
June 30, 2002

(b) Basis of Presentation - Fund Accounting

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activity is controlled. The various funds are summarized by type in the general-purpose financial statements. The City uses the following fund types and account groups:

Governmental Fund Types

Governmental Funds are those through which most governmental functions of the City are financed. The acquisition, use and balances of the City's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of and changes in financial position, rather than upon net income determination. The following are the City's governmental fund types:

<u>General Fund</u>: The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

<u>Special Revenue Funds</u>: Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that is legally restricted to expenditures for specified purposes.

Debt Service Fund: The Debt Service Fund is used to account for the payment of general long-term debt principal, interest and related costs.

<u>Capital Projects Funds</u>: The Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

Proprietary Fund Types

Proprietary Funds are used to account for the City's on-going organizations and activities that are similar to those often found in the private sector. The measurement focus is upon determination of net income and capital maintenance. The following are the City's proprietary fund types:

Enterprise Funds: Enterprise Funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises - where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Notes to General Purpose Financial Statements (continued)
June 30, 2002

Enterprise funds have been established for the Electric, Water, Sewer and Transit Divisions of the City.

<u>Internal Service Funds</u>: Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City or to other governmental units, on a cost-reimbursement basis. Internal Service Funds have been established for the City's Claims and Benefits accounts.

Fiduciary Fund Types

Fiduciary Funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.

<u>Agency Funds</u>: Agency funds are used principally to account for collection of bond proceeds with no governmental obligation and payment of related bond principal and interest. Agency funds are custodial in nature and do not involve measurement of results of operations.

<u>Expendable Trust Funds</u>: Expendable Trust Funds are used primarily to account for funds held by the governmental unit in a trustee capacity for individuals, private organizations, other governmental units and/or other funds. Expendable trust funds are accounted for in essentially the same manner as governmental funds.

Account Groups

Account groups are used to establish accounting control and accountability for the City's general fixed assets and general long-term obligations. The following are the City's account groups:

<u>General Fixed Assets Account Group</u>: This account group is established to account for fixed assets of the City, other than those accounted for in the proprietary funds.

General Long-Term Obligations Account Group: This account group is established to account for all long-term obligations of the City except those accounted for in the proprietary funds.

(c) Basis of Accounting

Governmental fund types are accounted for by using the modified accrual basis of accounting and the flow of current financial resources measurement focus. Revenues are recorded when they become both measurable and available. Revenues not considered available are recorded as deferred revenues. Expenditures are recorded when the liability is incurred, except for (a) unmatured interest on general long-term obligations which are recorded when due; and (b) the noncurrent portion of accrued compensated absences, which is recorded in the General Long-Term Obligations Account Group.

Notes to General Purpose Financial Statements (continued) June 30, 2002

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual funds are used as guidelines. There are, however, essentially two types of revenues. In one, moneys must be expended on the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures incurred. In the other, moneys are virtually unrestricted as to purpose of expenditure and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

Property taxes are recognized as revenue in the year for which taxes have been levied, provided they are collected within 60 days after year end. Special assessments are recorded as revenue in the year the individual installments are due.

Sales tax revenues collected by the State on behalf of the City are recorded using the modified accrual basis of accounting.

Charges for services and miscellaneous revenues (except investment earnings) are recorded as revenues when received in cash since they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

Proprietary fund types are accounted for by using the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when the liability is incurred. Unbilled service revenue is accrued in proprietary funds.

Fiduciary fund types are accounted for according to the nature of the fund. The City has Agency type funds which are purely custodial in nature (assets equal liabilities) and thus do not involve measurement of results of operations. In addition, the City has Expendable Trust funds that are accounted for in the same manner, as are other governmental funds. All of these funds are accounted for on the modified accrual basis of accounting.

(d) Proprietary Fund Accounting

The City has elected under GASB 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting, to not apply all Financial Accounting Standards Board (FASB) Statements and Interpretations issued after November 30, 1989. As required under GASB Statement No. 20, the City will continue to apply all applicable GASB pronouncements as well as Statements of Interpretations of FASB, Accounting Principles Board (APB) Opinions and Accounting Research Bulletins (ARBs) of the Committee on Accounting Procedure issued on or before November 30,1989, unless those pronouncements conflict or contradict GASB pronouncements.

(e) Deferred Compensation Plans

The City applies the provisions of Government Standards Board Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans (457 Plans). For 457 Plans in compliance with the 1996 Small Business Job Protection Act, the City neither has custody of the plan assets, nor directs or accounts for the plan investments; therefore, such plans are excluded from the financial statements.

Notes to General Purpose Financial Statements (continued) June 30, 2002

(f) Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of funds are recorded to reserve that portion of the applicable appropriation, is employed in the governmental funds. Open encumbrances are reported as reservations of fund balances since the commitments will be honored through subsequent years' budget appropriations. Amounts encumbered at year-end are reappropriated in the following year. Encumbrances do not constitute expenditures or liabilities.

(g) Cash and Investments

The City maintains a cash and investment pool that is available for all funds of the City for the purpose of increasing interest earnings through investment activities. Investments are stated at fair value. Each fund's portion of this pool is shown on the combined balance sheet as "cash and investments". Investment earnings on the pooled investments, including any changes in fair value are allocated to various funds based on month-end cash balances in accordance with California code section 53647.

(h) Restricted Assets

In the Enterprise (Electric) Fund, restricted assets represent the proceeds of the 1999 Certificates of Participation held by the trustee for the planned improvements of the city electric systems. In the Capital Projects Fund, the restricted assets represent the proceeds of the 2002 Improvement bonds intended for the construction of the new public safety building.

(i) Advance Receivables

Advance receivables reported in the Special Revenue Fund represent Community Development Block Grant (CDBG) funds and Home program funds the City loaned to a developer for a low-income housing project. The City will receive principal and interest from the original loan in thirty years and could use it for allowable projects or make new loans.

Advance receivables reported in the Enterprise Fund represent the City's portion of the NCPA's General Operating reserve that is refundable on demand by the City. (See Note 15.)

(j) Inventory

General fund inventories are recorded at cost and are recognized as expenditures when consumed rather than when purchased. For the Proprietary fund types, inventories are recorded at cost using weighted average cost method, which approximates market and expense is recognized when inventories are consumed in operations.

(k) General Fixed Assets

General fixed assets purchased are recorded as expenditures in the governmental funds and capitalized at cost in the General Fixed Assets Account Group. Capital leases for buildings, improvements and equipment are recorded in the General Fixed Assets Account Group and capital lease payable is recorded in the General Long-Term Obligations Account Group. Contributed fixed assets are recorded at estimated fair market value at the time received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset useful lives are not capitalized.

Improvements considered to be infrastructure such as roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are not capitalized as these assets are normally immovable and of value only to the City. Therefore, the purpose of stewardship for capital expenditures is satisfied without recording these assets. Depreciation has not been provided on general fixed assets, nor has interest been capitalized.

(I) Fixed Assets - Proprietary Fund Types

Fixed assets owned by the Proprietary Funds are stated at cost. Contributed fixed assets are recorded at estimated fair market value at the time received. Depreciation has been provided over the estimated useful lives using the straight-line method.

The estimated useful lives are as follows:

	<u>Years</u>
Buildings and improvements	3 - 40
Machinery and equipment	2 - 40
Vehicles	5 - 15

Depreciation recognized on contributed fixed assets is charged to contributed capital for assets acquired before the implementation of GASB Statement No. 33.

(m) Compensated Absences/Vacation and Sick Leave

Noncurrent accumulated vacation and vested sick leave benefits for governmental funds are recorded in the General Long-Term Obligations Account Group as a liability and also as an amount to be provided by future operations. The amount to be provided by future operations represents the total amount that would be required to be provided from the general operating revenues of the City if all the benefits were to be paid. The current portion, the amount expected to be paid in the next twelve months, is recorded as a liability of the responsible governmental fund.

Enterprise Funds record vacation and sick leave as an expense and liability when earned by employees.

Notes to General Purpose Financial Statements (continued) June 30, 2002

(n) Self-Insurance

The City is self-insured for general liability, workers' compensation, dental benefits, unemployment and long-term disability. Various City funds are charged premiums for the City's self-insurance reserve, which is accounted for as an internal service fund. The accrued liability for estimated self- insured claims represents an estimate of the eventual loss on claims arising prior to year-end including claims incurred but not reported.

(o) Total (Memorandum Only) Columns

Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles. Such data are not comparable to a consolidation since interfund eliminations have not been made.

(p) Statement of Cash Flows

For purposes of reporting cash flows, the City considers all highly liquid investments with maturities of three months or less when purchased and investments maintained in the pool to be cash equivalents.

(q) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

(2) Budgetary Data

The City adopts an annual budget for the general and special revenue funds. These budgets are prepared in accordance with generally accepted accounting principles. As part of the City's internal controls, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with the legal provisions embodied in the annual appropriated budget approved by the City Council. The accompanying financial statements present budget and actual data only of funds for which an annual budget was adopted. The budgets of capital projects are primarily "long-term" budgets that emphasize the major programs and capital project plans extending over a number of years. Due to the long-term nature of these projects, "annual" budget and actual comparisons are not considered meaningful. Formal budgetary integration is not employed for Debt Service Funds since effective budgetary control is alternatively achieved through the bond indenture provisions. Accordingly, no budgetary information is included in the accompanying general-purpose financial statements for capital projects and debt service funds.

Notes to General Purpose Financial Statements (continued) June 30, 2002

The City Council follows the following procedures in establishing the budgetary data reflected in the accompanying general-purpose financial statements:

On or prior to the first regular Council meeting in June of each year, the City Manager submits to the City Council a proposed Two-year Financial Plan and Budget for two fiscal years commencing July 1. The budget includes proposed expenditures and the means of financing them.

Public hearings are conducted during meetings of the City Council to obtain citizens' comments. Prior to July 1, the budget is legally enacted through passage of an ordinance.

Budgeted revenues are adopted by the City Council at the time the budget is approved. Budgeted revenues are modified when the tax base changes, when fees are modified or when new revenue sources are identified.

Budgeted expenditures represent original appropriations adjusted by budget transfers and appropriation amendments. The legal level of budgetary control (that is, the level at which expenditures can not legally exceed the appropriated amount) is at the department level. The operating budget is prepared and controlled at the department level (e.g., city clerk, city manager, etc.) for the General Fund. Special revenue fund expenditures, including transfers out, are approved by Council at the fund level. The City Manager may transfer appropriations from one activity to another within a department without approval from the City Council. All other appropriation adjustments during the year, whether transfers, increases or decreases, require City Council approval.

Under a two-year budget, all operating appropriations lapse at the end of the second year except for funds that are encumbered.

(3) Cash and Investments and Restricted Cash with Fiscal Agent

The following is a detailed summary of cash and investments and restricted cash with fiscal agent at June 30, 2002:

Pooled cash and investments:

Demand deposits	\$ 437,282
Certificates of deposit	1,569,500
Investments	13,751,321
Total pooled cash and investments	15,758,103
Library Private Sector Fund:	
Shares of stocks	339,473
Total cash and investments	16,097,576
Restricted cash with fiscal agent	35,744,690
Total cash and investments and restricted cash with	
fiscal agent	\$ 51,842,266

Notes to General Purpose Financial Statements (continued) June 30, 2002

(a) Cash

The City's demand deposits and certificates of deposit at year-end are covered by either federal depository insurance or by collateral held by the custodial bank. The collateral pool of the custodial bank is equal to 110% of the uninsured deposits.

(b) Investments

The City has adopted an investment policy pursuant to Government Code Section 53601 which authorizes the City to invest in obligations of the U.S. Treasury, agencies and instrumentalities, commercial paper rated A-1 by Standard & Poor's or P-1 by Moody's Commercial Paper Record, bankers' acceptances, repurchase agreements, mutual funds and the State of California Local Agency Investment Fund (LAIF). The City is also authorized to enter into reverse repurchase agreements. The City selects its investments based on safety, liquidity and yield. At no time during the year did the City borrow funds through the use of reverse repurchase agreements.

The cost of investments in the State of California Local Agency Investment Fund (LAIF) approximates the fair value of the external investment pool shares.

(c) Restricted Cash with Fiscal Agent

This represents the balance of the 2002 Public Improvement Certificates of Participation held by US Bank and proceeds of the 1999 Electric Utility Certificates of Participation held by Bank of New York.

(d) Custodial Risk

In accordance with GASB 3, deposits and investments are classified as to custodial risk by three categories as follows:

Deposits:

Category 1

Insured or collateralized with securities held by the City or by its agent in the City's name.

Category 2

Collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.

Category 3

Uncollateralized. (Includes any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the City's name.)

At year-end, the City's carrying amount of deposits was \$437,282 and the bank balance was \$1,932,922. Of the bank balance, \$217,457 was covered by federal depository insurance or by collateral held by the City's agent in the City's name. The remaining balance of \$1,715,465 was collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the City's name.

Investments:

Category 1

Insured or registered, or securities held by the City or its agent in the City's name;

Category 2

Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name;

Category 3

Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City's name.

Investments and restricted cash with fiscal agent of the City as of June 30, 2002 are summarized below:

	<u>Category</u>		Not Subject		Carrying
	anjananga	1	to Categorization	-	Amount
Pooled investments:					
Federal Agency Issues					
Federal Home Loan Mortgage	\$	1,001,560		\$	1,001,560
Higgins Capital Medium Term Note		1,049,701			1,049,701
State of California					
Local Agency Investment Fund (LAIF)	********		11,700,060		11,700,060
Total pooled investments		2,051,261	11,700,060		13,751,321
Investments held in trust:					
Shares of stocks		339,473			339,473
Restricted cash with fiscal agent	-		35,744,690		35,744,690
Total investments	\$	2,390,734	47,444,750	\$	49,835,484

The custodial risk level indicated above is generally reflective of the risk assumed by the City during the year ended June 30, 2002.

The LAIF is a special fund of the California State Treasury through which local governments pool investments. Each governmental agency may invest up to \$20,000,000 per account in LAIF. The City maintains two LAIF accounts. Investments in LAIF are highly liquid, as deposits can be converted into cash within twenty-four hours without loss of interest. Investments in LAIF are secured by the full faith and credit of the State of California.

According to the LAIF report as of June 30, 2002, the Pooled Money Investment Account Portfolio has not invested in, nor will it invest in, derivative products. The Pooled Money Investment Board, Local Agency Advisory Board and the Auditor General monitor the investment pool.

(4) Property Taxes

San Joaquin County is responsible for assessing, collecting and distributing property taxes in accordance with enabling legislation. Revenue received is based on an allocation factor calculated by the County under the provisions of Proposition 13 plus a percentage of the increase in market value in specific areas. The City's property tax is liened based on the assessed value listed as of the prior March 1st for all real and personal property located in the City. Property sold after the assessment date (March 1st) is reassessed and the amount of property tax assessed is prorated. The assessed value at March 1, 2001, upon which the 2001 levy was based, was \$3,298,994,000.

Secured property taxes are levied on October 1 and are due in two installments on November 1 and February 1. The tax becomes delinquent on December 10 and April 10, respectively. Unsecured property tax is levied on July 1, due on July 31 and becomes delinquent on August 31.

Property taxes levied for the year ended June 30, 2002, are recorded as receivables, net of estimated uncollectible amounts. Property taxes paid to the City by the County within 60 days of the fiscal year end are considered "available" and are, therefore, recognized as revenue.

In 1993, the City made an agreement with the San Joaquin County to participate in the Teeter Plan. The Teeter plan is an alternative method of apportioning property tax money. The cities receive 95% of the property taxes in advance from the County and the 5% remaining after reconciling the cities' balances at June 30. As part of the agreement, the County keeps the penalties and interest on the delinquent taxes.

CITY OF LODI

Notes to General Purpose Financial Statements (continued)

June 30, 2002

(5) Fixed Assets

Fixed assets owned by the City are either recorded in the General Fixed Assets Account Group or in the Proprietary Fund types. Activity for the year ended June 30, 2002, consists of the following:

		Beginning				Ending
General Fixed Assets	400	Balance	Increases	Decreases		Balance
Land	\$	21,059,805	2,213,716	(848,174)	\$	22,425,347
Buildings and improvements		37,635,750	141,654	, , ,		37,777,404
Machinery and equipment		5,743,372	1,203,189			6,946,561
Vehicles		4,887,961	663,109			5,551,070
Construction in progress		12,125,017	5,479,758	(192,719)		17,412,056
Capital lease assets	******	1,512,265	148,282	(236,461)		1,424,086
Total	\$_	82,964,170	9,849,708	(1,277,354)	\$	91,536,524
Enterprise Funds			70.000.000		2000	
Land	\$	5,228,853	77,901		\$	5,306,754
Buildings and improvements		28,507,037	3,612,752			32,119,789
Machinery and equipment		69,185,845	3,612,539			72,798,384
Vehicles		5,762,962	41,064			5,804,026
Construction in progress	· marries	6,692,908	6,450,016	(3,612,752)		9,530,172
Subtotal		115,377,605	13,794,272	(3,612,752)		125,559,125
Less accumulated depreciation		(30,414,202)	(2,773,027)			(33,187,229)
Net enterprise funds fixed assets	\$	84,963,403	11,021,245	(3,612,752)	\$	92,371,896

(6) Operating Leases

The City is obligated under various operating leases for the use of buildings and office space. Total costs for such leases were \$93,343 for the year ended June 30, 2002.

Future minimum lease payments required by lease agreements that has initial or remaining noncancellable lease terms of one year or more as of June 30, 2002, are as follows:

Fiscal Years Ending	
2003	\$ 95,323
2004	20,000
2005	20,000
2006	 20,000
Total minimum lease payments required	
under operating leases	\$ 155,323

CITY OF LODI

Notes to General Purpose Financial Statements (continued)

June 30, 2002

(7) Long-Term Obligations and Capitalized Lease Obligations

The following is a summary of debt transactions of the City for the year ended June 30, 2002:

	Interest					
	Rates		June 30, 2001	Additions	Retirements	June 30, 2002
General Long-Term Obligations Account Group:				The second secon	4	
Compensated absences		S	5,592,499	330,960	\$	5,923,459
1995 Certificates of Participation	5.10-5.9%		4,175,000		4,175,000	
1996 Certificates of Participation	5.10-5.9%	***	8,805,000	mainteen en	8,805,000	
2002 Certificates of Participation	3.0-5.0%			26,745,000		26,745,000
Notes Payable	5%			245,000		245,000
Capitalized lease obligations:						
First Municipal Leasing Corporation	4.49%		669,772	148,282	117,979	700,075
IBM Corporation	6.12%		25,010	,	25,010	, 00,07,0
West America Bank	5.39%		233,653		73,963	159,690
			928,435	148,282	216,952	859,765
Total General Long-Term Obligations Account Group		\$	19,500,934	27,469,242	13,196,952 \$	33,773,224
Enterprise Funds:						
California Safe Drinking Water Note Payable	3.41%	\$	2,793,718		133,837 \$	2,659,881
1991 Certificates of Participation, net of \$354,652 discount	4.50 - 6.60%		9,505,873		135,525	9,370,348
1999 Certificates of Participation, net of \$532,631 discount	5.0 - 5.75%		43,425,052		43,425,052	J,5 10,540
2000 Environmental Abatement Certificates of Participation			7,000,000	4,500,000	,,	11,500,000
2002 Certificates of Participation, net of refunding	Variable		, , , , , ,	47,132,704	1,100,000	46,032,704
Total Enterprise Funds		\$	62,724,643	51,632,704	44,794,414 \$	69,562,933

Notes to General Purpose Financial Statements (continued) June 30, 2002

Long-term debt payable at June 30, 2002, comprised the following individual issues:

California Safe Drinking Water Note Payable

The City entered into a contract on October 16, 1991, with the State of California Department of Water Resources to assist the City in financing the construction of water wells enabling the City to meet safe drinking water standards established by the State. The note is secured by the project and a pledge of user fees collected by the Water Enterprise Fund. Semiannual payments of \$114,006, are payable each October 1 and April 1 through 2016.

Note Payable

The City issued \$245,000 promissory note to James E. Dean and Carol Dean, as trustees of the James E. Dean Family Trust, for the purchase of 307 W. Elm Street property, which will be the future site of the new Public Safety Building. Interest is payable quarterly and principal is due on April 1, 2007.

Certificates of Participation

\$11,170,000 Certificates of Participation (1991 Wastewater Treatment Plant Expansion Refunding Project), were sold in December 1991 for the repayment of the 1988 Wastewater Treatment Plant Expansion Project at a lower interest rate with approximately \$1,400,000 of additional proceeds. Principal is payable annually on August 1 in amounts from \$100,000 to \$760,000 with final payment due August 1, 2026.

\$26,745,000 Certificates of Participation (2002 COP) were issued in January 2002 to provide funds to finance the costs of constructing, furnishing and equipping a new police building and jail for the City; to finance portions of certain other projects, to refund the outstanding 1995 and 1996 Certificates of Participation. The 1995 Certificates of Participation (1995 COP) were sold in October 1995 to finance the City Downtown Revitalization and the Cherokee Lane Beautification projects. The 1996 Certificates of Participation (1996 COP) were sold in August 1996 to finance the construction of the Hutchins Street Square Conference and Performing Arts Center. Principal is payable annually on October 1 in amounts from \$730,000 to \$1,600,000 with final payment due October 1, 2031.

\$46,760,000 2002 Variable Rate Demand Series A and \$8,400,000 2002 Taxable Series B Electric System Revenue Certificates of Participation were sold to provide funds to refund the outstanding 1999 Electric System Certificates of participation Series A and the 1999 Series B Capital Appreciation certificates. The proceeds of the 2002B Certificates were deposited in the Rate Stabilization Fund and applied to certain power purchase costs of the City. (The 1999 Series A and Series B Revenue Certificates of Participation were sold on August 18, 1999, to provide funds to finance the costs of certain improvements to the distribution and transmission facilities of the City's Electric System.) Principal for Series A is payable annually beginning 2011 to 2032 in amounts ranging from \$1,175,000 to \$3,460,000. Series B is payable annually beginning 2002 to 2006 in amounts ranging from \$1,100,000 to \$3,600,000.

These certificates were issued with variable interest rates hence the City entered into an agreement that allows Salomon Brothers Holding Company to enter into fixed interest rate swap when the market is favorable.

\$11,500,000 Variable rate Certificates of Participation were issued for the Environmental Abatement Program of which \$4.5 million were issued during the 2002 fiscal year. Repayment of the bonds is contingent upon litigation settlements.

Advance and Current Refunding

The City issued \$14,685,000 Certificates of Participation Refunding bonds to provide resources to purchase U.S. Government and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments on the \$3,985,000 Certificates of Participation (1995) and on the \$8,440,000 Certificates of Participation (1996). As a result, the refunded bonds are considered to be defeased and the liability has been removed from the general long-term debt account group. This current refunding was undertaken to reduce total debt service payments over the next 29 years resulting in economic gain of \$479,072.

In addition, the City issued \$46,760,000 Electric Revenue Refunding Bonds for an advance refunding of the \$46,719,550 principal amount including accreted value of capital appreciation certificates of Electric System Revenue Certificates of Participation 1999 Series A Current Interest Certificates and the 1999 Series B Capital Appreciation Certificates. The refunding was undertaken to reduce total future debt service payments. The reacquisition price exceeded the net carrying amount of the old debt by \$8,313,985. This amount is being netted against the new debt and amortized over the refunded debt's life, which is shorter than the life of the new debt. At June 30, 2002, the unamortized deferred amount on refunding was \$8,027,296. The transaction also resulted in an economic gain of \$9,317,772 and a reduction of \$30,158,802 in future debt payments.

The annual principal and interest requirements to amortize all debt outstanding as of June 30, 2002, are as follows:

Year Ending		Water Not	e Payable	199 Certificates of	=		Improvement f Participation		System Revenue of Participation		Grand Total Principal &
June 30,		Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest		Interest
2003	\$	138,440	89,537	160,000	639,000	730,000	1,204,672	3,600,000	265,570	\$	6,827,219
2004		143,029	84,948	175,000	627,975	485,000	1,186,447	2,600,000	152,530		5,454,929
2005		148,287	79,690	185,000	616,135	500,000	1,171,672	1,100,000	49,830		3,850,614
2006		153,220	74,758	195,000	603,460	520,000	1,156,372	•	,,,,,,		2,702,810
2007		158,489	69,488	210,000	589,600	535,000	1,140,547				2,703,124
Thereafter		1,918,416	361,976	8,800,000	6,829,645	23,975,000	17,439,661	46,760,000	Variable rate		106,084,698
	\$	2,659,881	760,397	9,725,000	9,905,815	26,745,000	23,299,371	54,060,000	467,930	\$	127,623,394
	-									332	

The various indentures contain significant limitations and restrictions on annual debt service requirements, maintenance of and flow of moneys through various restricted accounts and minimum revenue bond coverage. The City is in compliance with all such significant limitations and restrictions.

The present values of future minimum capital lease payments as of June 30, 2002, are as follows:

Fiscal Years Ending		
2003	\$	217,921
2004		217,514
2005		131,345
2006		131,345
2007		131,345
thereafter	_	131,345
Total minimum lease payments		960,815
Less amounts representing interest	_	(101,050)
Present value of minimum capital lease payments	\$	859,765

Special Assessment District Debt

The City has issued limited obligation improvement bonds on July 22, 1996, for the "Lodi Central City Revitalization Assessment District." These bonds have no governmental commitment and debt service is recorded in an Agency Fund. These bonds were issued under the Improvement Act of 1915 and will mature in the year 2011. The City's liability in the event of delinquent assessment shall not exceed the balance of the established Reserve Fund. The amount outstanding as of June 30, 2002, is \$1,395,000.

Industrial Development Bonds

The City of Lodi has lent its name to the City of Lodi Industrial Development Authority for the purpose of issuing the following industrial development bonds: Minton Corporation \$5,000,000; Dart Corporation \$8,000,000; Wallace Computer Services \$3,000,000; and Luster-Cal Nameplate Corporation \$3,000,000. These bonds are special obligation bonds only, payable solely out of the bond revenues or other sources of the above companies and are not a pledge of the general credit of the City. The City is not obligated for the redemption or administration of these industrial development bonds.

CITY OF LODI
Notes to General Purpose Financial Statements (continued)
June 30, 2002

(8) Due To/From Other Funds or Governmental Agencies

Individual fund interfund receivable and payable balances, as well as amounts due from other government agencies, by fund type at June 30, 2002, are as follows:

Fund	Due To Other Fund	ls	Due From Other Funds	Due To Other Government Agencies		Due From Other Government Agencies
General Fund:			Management of American Street Control of the		Turna men	***************************************
County of San Joaquin - grant	\$	\$	\$		S	44,886
Capital Outlay Reserve			218,200			,
Sub Total General Fund	is mis member file threshold had been thinked by the time makes the service and the service threshold by the service thre	- Annua	218,200	¹ тетической постоя в постоя в в постоя в в постоя в населения места постоя в населения в населения в населения в	****	44,886
Special Revenue Funds:			,			* 1,000
Community Development Block Grant	713,2	40				732,423
Home Program	63,89					63,899
Police Special Revenue Fund	,		277,139			29,860
Streets Fund			500,000	621,600		2,608,938
Sub Total Special Revenue Funds	777,13	39	777,139	621,600		3,435,120
Capital Projects Funds:	,		,	,		.,,
Hutchins Street Square Capital	73.00	00				
Capital Outlay Reserve	3,551,83	31	6,521			33,569
Sub Total Capital Projects Funds	3,624,83	}]	6,521			33,569
Enterprise Funds:			•			
Electric fund			1,750,000			
Sewer fund			1,443,660			
Water fund			1,926,529			3,239
Transit Fund	1,720,07	19				450,000
Sub Total Enterprise Funds	1,720,07		5,120,189	The second secon	-	453,239
Total	\$ 6,122,04		6,122,049 \$	621,600	\$	3,966,814

Amounts due to other funds from the Community Development Block Grants, Transportation and Transit funds represent interfund payable/receivable for overdraws of their share of the pooled cash account. Amounts due from other government agencies represent expenditures made by the City for various grant programs not reimbursed by the State of California or Federal Government prior to June 30, 2002. Due to other government agencies represent a loan from the San Joaquin County Council of Governments for the Hi-way 99 and Hi-way 12 Interchange project.

(9) Nature and Purpose of Reported Fund Equity

The following is a summary of restricted, reserved, unreserved-designated and unreserved-undesignated fund balances and/or retained earnings at June 30, 2002:

		Governmental Fund Types						
Fund balances:		The state of the s	Special	Capital		Internal	Trust &	
		General	Revenue	Projects	Enterprise	Service	Agency	Total
Reserved for:								
Library	\$	475,644					\$	475,644
Encumbrances		260,041	1,358,721	2,003,771				3,622,533
Inventory		120,623						120,623
Total Reserved	-	856,308	1,358,721	2,003,771				4,218,800
Unreserved-designated for:								
Specific projects and programs	***		1,814,028	17,904,714			609,367	20,328,109
Total Designated			1,814,028	17,904,714			609,367	20,328,109
Unreserved - undesignated		2,207,614						2,207,614
Retained earnings (deficit)					41,922,932	(1,552,940)		40,369,992
Contributed capital					13,310,898			13,310,898
Total Fund balances/Retained earnings (deficit)	\$ =	3,063,922	3,172,749	19,908,485	55,233,830	(1,552,940)	609,367 \$	80,435,413

Reserved Fund Balance and/or Retained Earnings

Reserved represents that portion that is legally segregated for specific purposes and is not available for discretionary appropriation.

Unreserved-Designated Fund Balance

Designated represents that portion for which the City has made tentative plans.

Unreserved-Undesignated Fund Balance

Undesignated represents that portion which is available for budgeting in future periods.

(10) Operating Transfers

Total operating transfers by fund for the year ended June 30, 2002, were as follows:

Fund	788	Operating ransfers In	Operating Transfers Out		
General Fund	.\$	5,372,694	\$	4,883,104	
Special Revenue Funds		578,218		3,189,750	
Debt Service Fund		1,233,699			
Capital Projects Funds		5,315,056		4,979,211	
Enterprise Funds		2,865,902		6,126,410	
Internal Service Funds		3,831,267		-,,	
Expendable Trust Fund	************			18,361	
	\$	19,196,836	\$	19,196,836	

(11) Defined Benefit Pension Plan

(a) Plan Description

The City of Lodi contributes to the California Public Employees' Retirement System (PERS); an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by state statute and city ordinance. Copies of PERS' annual financial report may be obtained from their Executive Office- 400 P Street, Sacramento, CA 95814.

(b) Funding policy

Participants are required to contribute 7% (9% for safety employees) of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account. The City is required to contribute at an actuarially determined rate; the current rate is 0.0% for miscellaneous employees, 0.0% for fire employees and 11.371% for police employees, of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by PERS.

(c) Annual Pension Cost

For fiscal 2002, the City's annual pension cost of \$569,423 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2000, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 8.25% investment rate of return (net of administrative expenses) (b) projected annual salary increases that vary by age, length of service, and type of employment (c) 3.75% payroll growth, and (d) 3.50% inflation. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period (smoothed market value). PERS unfunded actuarial liability is being amortized as a level percentage of projected payroll on a closed basis. Amortization of remaining period varies (a) safety police plan over 8 years (b) safety fire plan over 7 years, and (c) miscellaneous plan over 41 years as of the valuation date.

(d) Trend Information

Three-Year Trend information (\$ Amounts in Thousands):

	Annual	Percentage	Net
Fiscal Year	Pension	of APC	Pension
Ended	Cost (APC)	Contributed	Obligation
6/30/00	66	100%	\$0
6/30/01	543	100%	\$0
6/30/02	569	100%	\$0

(13) Post-Retirement Health Care Benefits

The City provides no post-employment benefits for its employees. However, employees who retire with at least ten years of service may elect to convert all accrued sick leave at the time of retirement to establish an individual medical insurance account. Depending on the bargaining unit of the employee, the value of the insurance account shall be determined by the following options:

a) Option I (available to Management and Mid-management Employees only)

The number of accumulated hours shall be reduced by 16-2/3% and the remaining balance converted into days. The days are then multiplied by the current monthly premium being paid for the employee and, if applicable, his/her dependents. Fifty percent of that amount will be placed into an account to be used by the City to pay medical insurance premiums for the employee and, if applicable, his/her dependents. For each year of employment over ten years, 2.5% will be added to the 50% used in determining the account amount. Total premiums shall be paid from the account until its depletion, at which time the benefit ceases.

Notes to General Purpose Financial Statements (continued)
June 30, 2002

b) Option II (available to all employees)

Calculation is the same as Option I except that the employee must pay any increase in premiums.

c) Option III (available to all employees)

A retiring employee will be able to choose a cash pay-off of accumulated sick leave at the rate of 30% of base pay per hour.

(14) Claims and Benefits

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is self-insured up to certain limits for certain losses as discussed in the following paragraphs for which reserves are recorded in the Internal Service Fund.

The City is self-insured for general liability up to the first \$500,000 per occurrence with claims from \$500,000 to \$15,000,000 per occurrence and in the aggregate insured through the California Joint Powers Risk Management Authority. (See note 16)

The City is self-insured for workers' compensation up to the first \$250,000 per claim. Any claims of \$250,000 up to California Statutory Limits are covered under a purchased policy through the membership with the Local Agency Workers' Compensation Excess Joint Powers Authority. (See note 16)

The City is fully self-insured for dental, unemployment and long-term disability for its employees.

General liability and workers' compensation claims are administered by an outside agency and all other claims are administered by the City.

The City has accrued a liability of \$2,733,000 at June 30, 2002, for all self-insured claims in the Internal Service Fund that includes an amount for incurred but not reported claims. The reserve amount is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. In the opinion of the City, the amounts accrued are adequate to cover claims incurred but not reported in addition to known claims.

Changes in the self-insurance reserve for fiscal years ended June 30, 2002 and 2001, are as follows:

		Current- Year			
		Claims and Changes	Claim		
	Beginning	in Estimates	Payments		Ending
FY 00-01	\$ 3,576,629	1,530,242	(1,530,242)	\$	3,576,629
FY 01-02	\$ 3,576,629	768,211	(1.611.840)	S	2.733.000

Notes to General Purpose Financial Statements (continued) June 30, 2002

(15) Participation in Joint Ventures

Northern California Power Agency

The City, along with fourteen other public agencies, is a member of the Northern California Power Agency (NCPA) that was formed in 1968 as a joint powers agency. Its membership consists of eleven cities with publicly owned electric utility distribution systems, one irrigation district, one public utility district, one port authority and seven other associate member entities. NCPA is generally empowered to purchase, generate, transmit, distribute and sell electrical energy. Members participate in the projects of NCPA on an elective basis.

A commission comprising of one representative from each member organization governs NCPA. The commission is responsible for the general management of the affairs, property and business of NCPA. Under the direction of the general manager, the staff of NCPA is responsible for providing various administrative, operating and planning services for NCPA and its associated power corporations.

Project Financing and Construction

NCPA's project construction and development programs have been individually financed by project revenue bonds collateralized by NCPA's assignment of all payments, revenues and proceeds associated with its interest in each project. Each Project Participant has agreed to pay its proportionate share of debt service and other costs of the related project, notwithstanding the suspension, interruption, interference, reduction or curtailment of output from the project for any reason. Certain of the revenue bonds are additionally supported by municipal bond insurance credit enhancements.

Increase in Non-defaulting Project Participant's Original Project Entitlement Percentage

Upon the failure of any Project Participant to make any payment, which failure constitutes a default under the Member Agreement for the projects, and except as sales and transfers are made pursuant thereto, the Member Agreements provide that Project Entitlement for each non-defaulting Project Participant shall be automatically increased for the remaining term of the Member Agreement; pro rata with those of the non-defaulting Project Participant thereunder; provided, however, that the sum of such increase for any non-defaulting Project Participant shall not exceed, without written consent of such non-defaulting Project Participant, an accumulated maximum of 25% of the non-defaulting Project Participant's original Project Entitlement Percentage Share.

General Operating Reserve with NCPA

Members of NCPA established a general operating reserve in 1992 for the purposes of providing a vehicle to fund reasonably foreseeable contingent liabilities. It was set up primarily to provide the following advantages: minimizes the number and dollar amount of reserve that might otherwise be funded separately in connection with NCPA's individually financed operating plants, projects and programs; provides each member with flexibility and unilateral control over the determination of what they will fund, how they will fund it and what expenditures from the reserve will be made on their individual behalf. It provides funding for contingent liabilities that are not budgeted but that may require significant future expenditures. The reserve is segregated by participant and is refundable on demand by the participant.

As of June 30, 2002, the City's balance in the NCPA General Operating Reserve, which has been credited with annual interest earnings and settlements, is approximately \$693,000.

Project Participation

The NCPA members and their percentage share at June 30, 2001, which is the most recent available data, are as follows:

	Geothermal Project	Hydro Electric Project	Combustion Turbine Project #1	Multiple Capital Facilities	Transmission Project
Alameda	16.8825	10.00	13.092	19.00	30.3590
Biggs	0.2270				0.4082
Gridley	0.3360				0.7103
Healdsburg	3.6740	1.66	3.500		6.6068
Lodi	10.2800	10.37	34.780	39.50	18.4861
Lompoc	3.6810	2.30	3.500	5.00	6.6194
Palo Alto		22.92			11.0736
Plumas-Sierra Rural Electric Cooperative	0.7010	1.69	1.090		1.4647
Roseville	7.8830	12.00	13.584	36.50	14.1756
Santa Clara	44.3905	37.02	25.000		
Turlock Irrigation District	6.3305				
Ukiah	5.6145	2.04	5.454		10.0963

Bulk power purchased by the City through NCPA amounted to \$52,375,146 during the year ended June 30, 2002 and is reflected in utilities expense in the enterprise fund.

NCPA Geothermal Project

A purchase power agreement with NCPA obligates the City for a 10.28% share of the operating costs and debt service of two of NCPA's 110- megawatt steam powered plants, Project Number 2 and Project Number 3. Outstanding long-term debt related to this project was approximately \$340 million at June 30, 2001.

As a result of high plant generation of NCPA and others in the same area, the Geothermal Project experienced greater than anticipated declines in steam production on its leasehold properties and the unit cost of the geothermal power is higher than originally planned. NCPA has taken several other steps to further slow the decline of the steam field. In April 1996, the conversion of one turbine unit to low pressure operation was completed and the Southeast Geysers Effluent pipeline Project is in operation. Based on current operating protocols and forecasted operations of these enhancements, NCPA now expects to maintain an annual average generation level from the Project of approximately 150 megawatts through the year 2000.

Notes to General Purpose Financial Statements (continued) June 30, 2002

Calaveras Hydroelectric Project

NCPA contracted to finance, manage, construct and operate Hydroelectric Project Number One for the licensed owner, Calaveras County Water District. In exchange, NCPA has the right to the electric output of the project for 50 years from February 1982. NCPA has also the option to purchase power from the project in excess of the District's requirements for the subsequent 50 years, subject to regulatory approval.

Under a power purchase agreement the City is obligated to pay 10.37% of the debt service and operating costs. At June 30, 2001, approximately \$526 million in long-term debt used to finance this project was outstanding.

NCPA Combustion Turbine Project

In October 1984, NCPA financed a five-unit, 125-megawatt combustion turbine project. The project, built in three member cities, began full commercial operation in June 1986, providing reserve and peak power. Under the NCPA power agreement, the City is obligated to pay 34.78% of the debt service and operating costs. At June 30, 2001 approximately \$35 million in long-term debt was outstanding.

Transmission Project

The project was undertaken to meet certain obligations of NCPA under the NCPA/PG & E Interconnection Agreement. The project includes an ownership interest in PG & E's 230kv Castle Rock to Lakeville Substation Transmission Line in Sonoma County, additional firm transmission rights in that Transmission Line, and a central scheduling and dispatch facility in service at the NCPA headquarters in Roseville, California. Under a power purchase agreement, the City is obligated to pay 18.4861% of the debt service and operating costs. At June 30, 2001, approximately \$8 million in long-term debt was outstanding.

Multiple-Capital Facilities Project

The Project consists of two separate components: (1) A 49.9 megawatt combustion turbine, "Unit One", located in Lodi, California and owned and operated by the NCPA; (2) Improvements to the electric system owned and operated by the City of Lodi. Each of these components is supported by separate and unrelated member participation agreements.

Under a power purchase agreement, the City is obligated to pay 39.5% of the debt service and operating costs. At June 30, 2001, approximately \$145 million in long-term debt was outstanding.

Notes to General Purpose Financial Statements (continued) June 30, 2002

The following are the most recent available audited condensed financial statements of NCPA:

Combined Balance Sheet June 30, 2001

Assets			Liabilities and Capitalization				
Current assets	\$	66,422,000	Current portion of long-term debt	\$	55,880,000		
Restricted assets		338,862,000	Other current liabilities		49,078,000		
Electric plant, net		555,485,000	Other liabilities and deferred credits		134,680,000		
Other assets and deferred charges		274,528,000	Long-term debt		986,170,000		
			Accumulated net revenues		9,489,000		
Total assets	\$	1,235,297,000	Total liabilities and capitalization	\$	1,235,297,000		
Combined Statement of Reve	nue and	Expenses	Combined Statement of Cash Flows				
Year ended June 3	0, 2001		Year ended June 30, 2001				
Sales to participants for resale	\$	342,505,000	Net cash provided by operating activities	\$	186,822,000		
Operating expenses		(229,031,000)	Net cash provided by investing activities		51,911,000		
Other revenues (expenses)		(59,377,000)	Net cash used in capital and related				
Future recoverable costs		(3,540,000)	financing activities		(122,423,000)		
Net revenues before refunds		50,557,000	Net cash used in noncapital				
Refunds to participants		(64,886,000)	and related financing activities		(29,978,000)		
Net revenues		(14,329,000)	Increase in cash and cash equivalents	2,440	86,332,000		
Accumulated net revenues,							
beginning of year		23,818,000	Cash and cash equivalents, beginning				
Accumulated net revenues,			of year		65,081,000		
end of year	\$	9,489,000	Cash and cash equivalents end of year	\$	151,413,000		

At June 30, 2001, NCPA's total outstanding long-term debt was \$1,042,050,000 at an average interest rate of 5%. The current portion of long-term debt at June 30, 2001, was \$55,880,000.

Complete financial information for NCPA may be obtained at the following administration office:

Northern California Power Agency 180 Cirby Way Roseville, CA 95678

Notes to General Purpose Financial Statements (continued)
June 30, 2002

Transmission Agency of Northern California

The Transmission Agency of Northern California (TANC) was organized under the California Government Code pursuant to a joint powers agreement entered into by fifteen Northern California utilities including the City of Lodi. The purpose of TANC is to provide electric transmission or other facilities for the use of its members through its authority to acquire, construct, finance, operate and maintain facilities for electric power transmission. The joint powers agreement provides that the costs of TANC's activities can be financed or recovered through assessment of its members or user charges through transmission contracts with its members. Each TANC member has agreed to pay a pro rata share of the costs to operate TANC and has the right to participate in future project agreements. The joint power agreement remains in effect until debt obligations and interest thereon have been paid, unless otherwise extended by the members.

Increase in Non-defaulting Project Participant's Original Project Entitlement Percentage

Upon the failure of any Project Participant to make any payment, which failure constitutes a default under the Member Agreement for the projects, and except as sales and transfers are made pursuant thereto, the Member Agreements provide that Project Entitlement for each non-defaulting Project Participant shall be automatically increased for the remaining term of the Member Agreement; pro rata with those of the non-defaulting Project Participant thereunder; provided, however, that the sum of such increase for any non-defaulting Project Participant shall not exceed, without written consent of such non-defaulting Project Participant, an accumulated maximum of 25% of the non-defaulting Project Participant's original Project Entitlement Percentage Share.

California-Oregon Transmission Project

TANC is a participant and also the Project Manager of the California-Oregon Transmission Project (Project), a 339-mile long, 500-kilovolt alternating current transmission project between Southern Oregon and Central California. As a Project Manager, TANC is responsible for the overall direction and coordination of all project development, construction work, operations and maintenance and for general and administrative support.

The project was declared commercially operable on March 24, 1993 and provides a third transmission path or "intertie", between the electric systems of the Pacific Northwest and those in California. The major environmental requirements for the Project have been successfully met and completed.

In connection with its participation in the Project, TANC has an entitlement percentage in Project transfer capability and construction cost sharing of 85.2557%. TANC has incurred costs for Project construction of approximately \$437.2 million as of June 30, 2001. These costs have been capitalized by TANC since they are expected to be recovered through reimbursement from Project participants and the successful operation of the Project's transmission lines. The Project agreement among the participating members provides that each member agrees to make payments, from its revenues, to TANC for Project costs incurred and for the payment of debt service.

Under the TANC joint powers agreement, the City is obligated to pay 1.89% of its debt service and operating costs. At June 30, 2001, approximately \$367 million in long-term debt was outstanding of which \$6.2 million is considered current.

STATEMENT OF INCOME

44,740

570,957

615,697

1,316,817

1,932,514

Net income

Total equity

Members' equity, end of year

Other comprehensive income

Members' equity, beginning of year

The following are the most recent available audited condensed financial statements of TANC:

BALANCE SHEET

Long-term debt

Current liabilities

Total capitalization

Noncurrent liability and deferred credit

Total capitalization and liabilities

June 30, 2001			For the Year Ended June 30, 2001					
Assets			Revenues:					
			Operating revenues	\$	47,354,671			
Electric Utility Plant, net	\$	359,559,903	Interest income		3,785,365			
Restricted Assets		37,021,064	Total revenues	2	51,140,036			
Current Assets		17,661,461		· · · · · · · · · · · · · · · · · · ·				
Noncurrent assets and deferred charges		55,157,840						
Total Assets	S	469,400,268	Costs and expenses					
Capitalization and Liabili	ties		General and other operating costs	\$	11,380,338			
			Interest and other financing costs	*	25,787,042			
			Loss on interest swap valuation		3,735,000			
Total members' equity		615,697	Depreciation and amortization		10,192,916			
Accumulated other comprehensive income		1,316,817	Total costs and expenses	May de Systematica	51.095.296			

Complete financial information for TANC may be obtained at the following administration office:

360,860,831

362,793,345

92,633,491

13,973,432

469,400,268

Transmission Agency of Northern California 3100 Zinfandel Drive, Suite 600 Sacramento, CA 95670

CITY OF LODI

Notes to General Purpose Financial Statements (continued) June 30, 2002

16) Membership in Insurance Pools

California Joint Powers Risk Management Authority

The City is a member, along with 19 other public agencies, of California Joint Powers Risk Management Authority (CJPRMA) organized under a Joint Powers Agreement pursuant to the California Government Code for the purpose of sharing the risk of catastrophic general liability, automobile liability and public officials' errors and omissions losses because adequate insurance is not available in the commercial insurance market.

CJPRMA has a twenty-one member Board of Directors, including a director from the City of Lodi. Officers of CJPRMA are elected every two years by the Board members.

The ultimate cost of the program to the City depends on the catastrophic losses of all members, as well as the City's own loss experience and will be determined retrospectively five years after the end of the current program year. The City periodically pays deposits to the CJPRMA. These deposits are recorded as expenditures in the year paid, as they are a reasonable estimate of the actual cost of the program. During the year ended June 30, 2002, deposits of \$233,940 were paid to CJPRMA.

The most recent condensed audited financial information of CJPRMA as of June 30, 2001 follows:

Balance Sheet	Statement of Revenues, Expenses and	s and Retained Earnings				
June 30, 2001	Year Ended June 30, 20	01				
Total Assets, primarily investments	\$ 65,276,721	Total Revenues	\$	7,160,479		
Liabilities		Total Expenses		(4,196,246)		
Reserve for losses, Liability program	\$ 30,474,668	Operating Income		2,964,233		
Reserve for losses, Worker's Compensation program	57,670					
Claims payable	35,125	Investment Income		6,921,295		
Current liabilities	20,366	Net Income		9,885,528		
Total liabilities	30,587,829					
Fund Equity		Retained Earnings, beginning of year		27,602,810		
Retained earnings	34,688,892	Refunds to members		(2,799,446)		
Total Liabilities and Equity	\$ 65,276,721	Retained earnings, end of year	\$	34,688,892		

The participants and their percentage shares at June 30, 2001, are as follows: City of Alameda 3.68%, CCCMRMIA 4.96%, Chico 1.62%, Central San Joaquin Valley Risk Management Authority 14.99%, Fairfield 2.91%, Fremont 6.16%, Livermore 2.50%, Lodi 2.20%, Manteca 1.47%, NCCSIF 2.79%, Petaluma 1.70%, Redding 3.93%, Redwood Empire Municipal Insurance Fund 5.71%, Roseville 3.30%, San Leandro 2.99%, San Rafael 2.54%, Santa Barbara Area

Joint Powers Insurance Authority 0.72%, Santa Rosa 5.50%, Small Cities Organized Risk Effort 2.0%, Stockton 7.84 %, Sunnyvale 6.23%, Vacaville 2.17%, Vallejo 3.33%, and Yolo County Public Agencies Risk Management Insurance Authority 8.76%.

Local Agency Workers' Compensation Excess Joint Powers Authority

The City, along with 30 other public agencies, is a member of the Local Agency Workers' Compensation Excess Joint Powers Authority (LAWCX) which was formed July 1992, for the purpose of sharing the risk of workers' compensation losses. All members are self-insured up to \$250,000 per occurrence.

LAWCX members pool resources to pay claims from \$250,000 to \$500,000 per occurrence and then use group purchasing power to obtain excess coverage through a commercial insurance company up to statutory limits.

The most recent condensed audited financial statement information of LAWCX follows:

Balance Sheet June 30, 2001		Statement of Revenues, Expenses and Retained Deficit Year Ended June 30, 2001					
Total Assets, primarily investments	\$	4,542,207	Total Revenues	\$	1,680,217		
Liabilities:							
Accounts Payable	\$	29,988	Total Expenses		(1,233,218)		
Deferred Revenue		109,033					
Reserve for Known Claims		2,138,635					
Reserve for Claims Incurred But Not Reported		2,484,544	Net Income		446,999		
Reserve for Unallocated Loss Adjustment Expense		65,786					
Total liabilities		4,827,986					
Retained Deficit:		(285,779)	Retained Deficit, beginning of year	,	(732,778)		
Total Liabilities and Equity	\$	4,542,207	Retained Deficit, end of year	\$	(285,779)		

The City paid \$58,872 in deposits to LAWCX during the fiscal year ended June 30, 2002.

The participants at June 30, 2001, are as follows: City of Alameda, Albany, AMSJPA, Brisbane, Central San Joaquin Valley Risk Mgmt Authority, Clovis Desert Hot Springs, East Bay Regional Park District, Emeryville, Management of Emeryville Services Authority, Fremont, Livermore, Lodi, Los Gatos, Merced, Morgan Hill, Newark, PARSAC, Piedmont, Roseville, Small Cities Org. Risk Effort (SCORE), South Lake Tahoe, Sunline Transit Agency, Union City, Vacaville, Vallejo and Vector Control JPA.

CITY OF LODI

Notes to General Purpose Financial Statements (continued) June 30, 2002

California Transit Insurance Pool

The City, along with 27 other public agencies is a member of California Transit Insurance Pool (CalTIP), a joint powers insurance authority which was formed for the purpose of sharing the risk of property damage, bodily injury, personal injury and public officials errors and omissions losses for public transit systems.

Liability protection coverage is provided under two programs:

<u>Program I</u> applies to member properties with a pre-funded deductible or a self-insured retention of less than \$100,000 per occurrence. Under this program, claims processing is provided by CalTIP's claim administrator.

<u>Program II</u> applies to all member properties with self-insured retention of \$100,000 or greater per occurrence. Under this program, claims administration services are performed at the discretion of the member agency, subject to CalTIP bylaws.

CalTIP is responsible for funding member claims in excess of applicable self-insured retention from the self-insurance pool limit of \$500,000. Claims in excess of the pool limit are covered by overlying insurance purchased by CalTIP, covering all member agencies up to \$5 million. Claims in excess of \$5 million are covered by additional overlying insurance up to a \$10 million limit for certain member agencies, at the option and expense of those agencies.

CITY OF LODI

Notes to General Purpose Financial Statements (continued)

June 30, 2002

The schedule below reflects the liability protection coverage at April 30, 2001, which is the most recent available data, for each of CalTIP's member agencies:

		Self-Insured	Linit		
Agency	Program	Retention	(in millions)		
Arcata Mad River Transit System	Butan	\$ Prefunded	\$ 10		
City of Azusa Transit System	Presed	25,000	10		
Butte County Transit System	I	25,000	10		
Central Contra Costa Transit Authority	Poore	25,000	10		
Culver City Municipal Bus Lines	Personal	250,000	5		
City of Dixon Transit System	I	Prefunded	10		
El Dorado County Transit	ž.	Prefunded	10		
City of Folsom Transit System	Traval	250,000	5		
Humbolt Transit	***	Prefunded	5		
City of Lincoln Transit System	breast.	250,000	5		
City of Lodi Transit System	Ĭ	Prefunded	5		
Mendocino Transit Authority	Protect	25,000	5		
Monterey-Salinas Transit	booms.	100,000	5		
Morongo Basin Transit Authority	¥.	Prefunded	5		
Napa Valley City Bus	Year and the second	Prefunded	5		
Nevada County Transit District	1	Prefunded	5		
Placer County Transit	H	100,000	10		
Riverside Transit Agency	1	25,000	10		
Santa Cruz Metropolitan Transit District	je verine Li	100,000	10		
Santa Rosa County Transit	II	100,000	10		
Siskiyou County Transit	Ī	Prefunded	10		
San Luis Obispo Regional Transit Authority	Ĭ	Prefunded	10		
South Coast Area Transit	I	Prefunded	10		
City of Vacaville	1	Prefunded	10		
Vallejo Transit Lines	I	25,000	10		
Western Contra Costa County Transit Authority	1	Prefunded	10		
City of Whittier Transit System	Process Transparent	100,000	10		
Yolo County Transit Authority	Ĭ	Prefunded	10		

The most recent condensed audited financial information of CalTIP as of April 30, 2001, is disclosed as follows:

Balance Sheet April 30, 2001		Statement of Revenues, Expenses and Retained Earnings Year Ended April 30, 2001						
Total Assets, primarily cash and investments	\$ 11,859,727	Total Revenues	\$	3,880,492				
	on the control of the same of	Total Expenses		(2,934,164)				
Total Liabilities	\$ 9,145,867	Cumulative effect of accounting change		(492,423)				
		Net Income		453,905				
Retained earnings	2,713,860	Retained earnings, beginning of year		2,259,955				
Total Liabilities and Retained Earnings	\$ 11,859,727	Retained earnings, end of year	\$	2,713,860				

There have been no reductions in insurance coverage from the prior year and there were no insurance settlements in excess of insurance coverage in any of the last three years.

(17) Deficit in Fund Equity

Internal Service Fund - Claims and Benefits - A deficit in fund equity at June 30, 2002, in the amount of \$1,552,940 in the Internal Service Fund is due to the self-insurance reserves in the Claims and Benefits Fund established to cover both incurred and incurred-but-not-reported (IBNR) claims. The City plans to implement the deficit reduction plan recommended by an actuary to gradually eliminate the deficit in the Internal Service Fund.

(18) Segments of Enterprise Activities

There are four services provided by the City that are financed by user charges - Electric, sewer, water and transit. Selected financial data for these four services for the year ended June 30, 2002, are as follows:

		Electric	Sewer	Water		Transit	Total
Operating revenues	\$	47,266,575	4,138,729	4,045,705	\$	234,200 \$	55,685,209
Operating expenses:							
Depreciation and amortization		(778,235)	(1,062,962)	(620,586)		(374,536)	(2,836,319)
Other	***************************************	(63,544,892)	(4,807,716)	(8,531,056)		(5,924,408)	(82,808,072)
Operating loss		(17,056,552)	(1,731,949)	(5,105,937)		(6,064,744)	(29,959,182)
Nonoperating revenue (expense)		945,264	586,085	852,483		3,653,422	6,037,254
Current capital contributions		623,420	800,094	682,209		4,131,859	6,237,582
Operating transfers, net		(2,249,419)	(1,010,250)	(873,646)		872,807	(3,260,508)
Net (loss) income	\$	(17,737,287)	(1,356,020)	(4,444,891)	\$	2,593,344 \$	(20,944,854)
Property, plant and equipment additions (deletions)							
(including construction in progress), net	\$	3,591,498	155,371	126,881	\$	4,131,861 \$	8,005,611
Net working capital	\$	7,378,726	1,263,330	872,134		(1,422,369) \$	8,091,821
Total assets	\$	63,769,976	36,901,417	19,671,759	\$	12,446,930 \$	132,790,082
Certificates of participation, net	\$	46,032,704	9,370,348	11,500,000	\$	S account of the second of the	66,903,052
Total equity	\$	14,322,055	26,556,864	3,805,719	S	10,549,192 \$	55,233,830

(19) Contributed Capital

Contributions of property, plant and equipment for the proprietary funds are as follows:

		Balance at ginning of Year	Depreciation on Contributed Assets	Balance at End of Year	
Enterprise Fund					
Electric Fund	\$	592,964	(9,219)	\$ 583,745	
Sewer Fund		5,068,632	(154,669)	4,913,963	
Water Fund		3,530,108	(102,877)	3,427,231	
Transit Fund		4,575,063	(189,104)	4,385,959	
Total Enterprise Fund	\$	13,766,767	(455,869)	\$ 13,310,898	

(20) Commitments and Contingencies

Litigation and claims - The City is a defendant in various lawsuits and is a party to various claims including environmental exposure. The City Attorney estimates that the potential claims against the City resulting from such litigation would not materially affect the financial condition of the City.

Arbitrage Earnings Rebate Liability - Arbitrage earnings are defined as income earned on the unexpended tax-exempt bond proceeds in excess of that which would have been earned had the moneys been invested in securities with a yield of the effective rate of the bond anticipation notes. Currently, arbitrage earnings must be rebated to the United States Treasury every five years from the date of August 18, 1999, for the Electric System Revenue Certificates of Participation. The City has arbitrage liability of \$154,585 as of June 30, 2002.

(21) Subsequent Events

In February 2001, the City entered into an energy purchase agreement (the Original Agreement) with Calpine Energy Services L.P. (Calpine) to purchase 25 MW of energy at \$65/mwh for a ten-year period beginning January 1, 2002. Since the execution of the Original Agreement, actions of the State in connection with the energy market conditions, including the initiation of conservation programs, and other factors, have resulted in lower electric load requirements and reduced energy costs throughout the State. As a result, the City's need for the energy purchased under the Original Agreement to serve its load has been reduced.

The Original Agreement was amended on September 4, 2002, and was divided into three parts. The City sold its interests in the energy purchased under the Original Agreement to Calpine and nets the payments due from the City with respect to its purchase of such energy against the payments due from Calpine with

respect to its purchase of the City's rights to such energy. On November 21, 2002, the City issued \$21,225,000 Revenue Certificates of Participation 2002 Series C and \$22,740,000 Revenue Certificates of Participation 2002 Taxable Series D to buy out the amended contract in the amount of \$42,406,175.

REQUIRED SUPPLEMENTARY INFORMATION PENSION PLAN – SCHEDULE OF FUNDING PROGRESS

City of Lodi Required Supplementary Information Schedule of Funding Progress - Pension Plan (in thousands of dollars)

Actuarial Valuation Date	Actuarial Actuarial Lister Value Lister		Entry Age Actuarial Accrued Liability (B)		Actuarial Actuarial Accrued Accrued Liability Liability		Funded Ratio [(A) / (B)]		Covered Payroll (C)	Unfunded (Overfunded) Actuarial Liability as Percentage of Covered Payroll {[(B) - (A)]/(C)}
6/30/95	\$ 70,518	\$	69,253	S	(1,265)	102%	\$	15,499	(8.16%)	
6/30/96	79,694		77,581		(2,113)	103%		15,999	(13.21%)	
6/30/97	91,769		79,787		(11,982)	115%		16,871	(71.02%)	
6/30/98	108,165		88,222		(19,943)	123%		17,601	(113.31%)	
6/30/99	125,286		104,459		(20,827)	120%		18,534	(112.37%)	
6/30/00	136,603		113,757		(22,846)	120%		19,585	(116.65%)	
6/30/01	140,463		125,752		(14,711)	112%		21,446	(68.60%)	

SUPPLEMENTAL FINANCIAL STATEMENTS

GENERAL FUND

ÓVERVIEW

The General Fund is maintained to account for all financial resources that are not restricted as to their use. This includes property and sales taxes. business tax, receipts, franchise taxes and various subventions such as Motor Vehicle In-Lieu fees received from the State of California. With the exception of grant programs. General Fund resources can be utilized for any legitimate governmental purpose.

Due to the scale and flexibility of General Fund revenues, a broad range of municipal services is provided through this fund. The following is a summary of the services primarily financed through the General Fund by Department:

Office of the City Manager

Implementation of City Council policies

Intergovernmental relations Community Promotion

Risk Management and Insurance Salary and Benefits Administration

Budget Administration Transit Operations Disaster Preparedness Solid Waste Management **Telecommunications**

Safety

Information Systems/Data Processing

Office of the City Attorney Legal Advisor to the City Council

Contract Review Litigation

Office of the City Clerk

Official City Recordkeeping/Elections Council Meeting Agendas and Minutes

Chamber of Commerce

Human Resources Department

Employee Relations

Recruitment, Selection and Classification

Affirmative Action Benefits Administration Community Center Office

Aquatics for Seniors Facilities Administration

Senior Activities Cultural Activities Police Department

Patrol

Crime Prevention Animal Control Investigations Drug Suppression Fire Department Emergency Response Hazard Prevention

Weed Abatement

Parks and Recreation Department

Park Maintenance Youth Programs Adult Programs Pre-school Programs Senior Activities Aquatics

Trips and Classes

Library

Adult and Youth Reading Material

Research Services

Finance Department Revenues and Collections

Financial Reporting

Debt and Investment Management

Parking Enforcement **Utility Billing** Purchasing

Public Works Department

Engineering Services Street Paving and Sweeping Sidewalk Maintenance

Traffic Signal & Sign Maintenance

Storm Drain Maintenance Tree Maintenance Street Maintenance

Building Maintenance Parking Lot Maintenance

Community Development Department

Development Review

General Plan

Environmental Impact Reporting

Demographic Information

Design Review Building and Safety

Although several of the activities listed above may be partially financed through other funds, the primary source of funding for these services is the General Fund. For example, central support services provided by the Department of Finance are organized in the General Fund, these services are provided to Enterprise Fund Activities, Special Revenue Fund Activities and Capital Outlay Fund Activities. Reimbursement transfers are made from the other funds to the General Fund based on a formula calculated each year as compensation for these services.

CITY OF LODI GENERAL FUND COMPARATIVE BALANCE SHEETS

June 30, 2002 and 2001

		2002		2001
ASSETS				
Cash and Investments	\$	772,943	\$	1,487,883
Receivables:				
Accounts		3,423,318		3,194,533
Property taxes		762,232		729,274
Interest				18,290
Due from other funds or governmental agencies		263,086		207.479
Inventory		120,623		117,584
Other assets		23,130		58,152
TOTAL ASSETS	\$	5,365,332	\$	5,813,195
LIABILITIES AND FUND BALANCE LIABILITIES				
Accounts payable and other liabilities	\$	1,426,820	S	1,054,726
Accrued salaries and wages	•	574,590	₩.	512,791
Accrued compensated absences		300.000		300.000
TOTAL LIABILITIES	\$	2,301,410	\$	1,867,517
	* .	Beiling of the State of the Sta		1,000,1,00,1
FUND BALANCE				
Reserved for library	\$	475.644	\$	316,450
Reserved for encumbrances		260,041	•	97,709
Reserved for inventory		120,623		117,584
Unreserved-undesignated		2,207,614		3,413,935
TOTAL FUND BALANCE	. •	3,063,922	wite	3,945,678
	**	от потосновник на водина на под н Потосновник на под	Actualization	ore or commence constitution of the desire of the last
TOTAL LIABILITIES AND FUND BALANCE	\$	5,365,332	\$	5,813,195
	=======================================		10000	

CITY OF LODI GENERAL FUND

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL

Years ended June 30, 2002 and 2001

			2002		2001				
				VARIANCE-		VARIANCE-			
				Favorable			Favorable		
		BUDGET	ACTUAL	(Unfavorable)	BUDGET	ACTUAL	(Unfavorable)		
REVENUES		4							
Taxes	\$	20,388,939	20,575,333	186,394 \$	18,435,758	19,379,363	943,605		
Licenses and permits		1,595,584	1,464,450	(131,134)	1,423,183	1,592,227	169,044		
Intergovernmental revenues		4.457,772	4,515,275	57,503	4,002,908	4,025,225	22,317		
Charges for services		1,644,914	1,746,045	101,131	1,524,981	1,642,660	117,679		
Fines, forfeits and penalties		808,032	806,212	(1,820)	1,026,362	765,223	(261,139)		
Investment and rental income		779,204	515,748	(263,456)	638,974	745,405	106,431		
Miscellaneous revenue	NOMINA	79,775	137,087	57,312	74,574	76,520	1,946		
Total revenues		29,754,220	29,760,150	5,930	27,126,740	28,226,623	1,099,883		
EXPENDITURES									
Current									
General government		10,092,125	8,986,802	1,105,323	9,548,803	8,862,277	686,526		
Public protection		13,130,102	13,094,347	35,755	12,868,076	12,804,032	64,044		
Public works		5,331,616	5,032,251	299,365	5,337,326	5,298,598	38,728		
Library		1,198,273	1,157,663	40,610	1,228,635	1,183,449	45,186		
Parks and recreation		3,138,340	2,860,433	277,907	3,016,650	2,802,186	214,464		
Capital outlay		148,282	148,282		669,772	669,772			
Total expenditures		33,038,738	31,279,778	1,758,960	32,669,262	31,620,314	1,048,948		
(DEFICIENCY) EXCESS OF REVENUES (UNDER) OVER EXPENDITURES		(3,284,518)	(1,519,628)	1,764,890	(5,542,522)	(3,393,691)	2,148,831		
ÓTHER FINANCING SOURCES (USES)									
Operating transfers in		5,372,694	5,372,694		4,188,561	4,188,561			
Operating transfers out		(4,883,104)	(4,883,104)		(2,329,905)	(2,329,905)			
Capital lease proceeds		148,282	148,282		669,772	669,772			
Total other financing sources (uses)		637,872	637,872	After Michigh Children And Acade Canada Anada Canada Anada Canada Canada Canada Canada Canada Canada Canada Ca	2,528,428	2,528,428	Mirror Description and Control of		
(DEFICIENCY) EXCESS OF REVENUES AND OTHER									
FINANCING SOURCES (UNDER) OVER EXPENDITURES									
AND OTHER FINANCING USES	********	(2,646,646)	(881,756)	1,764,890	(3,014,094)	(865,263)	2,148,831		
FUND BALANCE, as previously reported, June 30, 2001		3,945,678	3,945,678		3,788,220	3,788,220			
Adjustment to fund balance	MANUEL CO.	Westerland outside for the second of the sec		N/All-MINISTER Communication and the second c	1,022,721	1,022,721	hall let be transfer our annie beste and a second a		
FUND BALANCE , restated, June 30, 2001	wanamov	3,945,678	3,945,678	dimental turks have assessment assessment of the second seco	4,810,941	4.810.941	TO PERSONAL PROPERTY AND ADMINISTRAL PROPERTY AND ADMINISTRATION ADMINISTRAL PROPERTY AND ADMINISTRATION ADMINISTRAT		
FUND BALANCE, June 30, 2002	\$	1,299,032	3,063,922	1,764,890 \$	1,796,847	3,945,678	2,148,831		

CITY OF LODI GENERAL FUND

SCHEDULE OF EXPENDITURES BY DEPARTMENT BUDGETARY LEVEL OF CONTROL - BUDGET AND ACTUAL COMPARISON Year ended June 30, 2002

GENERAL GOVERNMENT	ddohn	BUDGET		2002 ACTUAL	-	VARIANCE- Favorable (Unfavorable)
City Council	\$	69,385	\$	58.671	\$	10.714
City Manager	Ψ	3,040,519	ψ	2,928,748	क्र	111.771
City Clerk		264,833		234,724		30,109
City Attorney		289.920		280.207		9,713
Human Resources		584,380		512.227		72,153
Community Development		2,012,605		1,414,160		598,445
Finance Department		2,098,220		1,959,349		138,871
Non Departmental		1,732,263		1,598,716		133,547
Total General Government	cimilitàne	10,092,125		8,986,802		1,105,323
PUBLIC PROTECTION						
Police Department		8,524,735		8,515,725		9,010
Fire Department		4,605,367		4,578,622		26,745
Total Public Protection	STATE OF THE PARTY	13,130,102	-2240	13,094,347		35,755
PUBLIC WORKS		5,331,616		5,032,251		299,365
LIBRARY		1,198,273		1,157,663		40,610
PARKS AND RECREATION		3,138,340		2,860,433		277,907
TOTAL GENERAL FUND EXPENDITURES BY DEPARTMENT	\$	32,890,456	\$	31,131,496	\$	1,758,960

SUPPLEMENTAL FINANCIAL STATEMENTS

SPECIAL REVENUE FUNDS

OVERVIEW

The City has established the following five special revenue funds in order to account for the proceeds from revenue sources that are restricted to expenditures for specific purposes.

Police Special Revenue Fund

This fund was established to account for the revenues and expenditures related to the City's share of property forfeited by persons convicted of possession and selling illegal drugs and the State of California auto theft prosecution moneys.

Special Grants Fund

This fund has been established to account for the receipt of smaller grants from Federal and State sources.

Streets Fund

This fund was established to account for the following:

Gas Tax

To account for revenues and expenditures apportioned to the City under the Streets and Highway Code. Portions of the tax rate levied by the State of California on all gasoline purchases are allocated to cities throughout the State on a population basis. These funds are restricted for expenditure by the State of California for street related purposes only.

Development Impact Mitigation Fees

To account for impact fees charged to provide for the building of various storm drains and street improvements needed to serve new development. The fees are calculated on a per acre basis and are collected at subdivision final map approval or with building permit stage effective November 4, 1991.

Master Storm Drain

To account for the funding of construction or modification of the City's storm drain system.

Measure K Sales Tax

To account for revenues and expenditures apportioned to the City for sales tax collections under Measure K. Expenditures for administration, maintenance and construction must be for street-related projects.

Intermodal Surface Transportation Efficiency Act (ISTEA)

To account for revenues from the federal highway administration for programs including surface transportation program (STP) for streets and roads, congestion mitigation and air quality program (CMAQ) and hazard elimination safety (HES) for street lighting projects.

OVERVIEW -continued

Transportation Fund

This fund was established to account for the receipt of moneys from the State of California apportioned to the City for transportation purposes. The State has designated 1/4% of the 6% sales tax levied statewide for local transportation purposes. Funding for this program was provided during the 1971 legislative session with the enactment of the Transportation Development Act, which extended the 6% sales tax to include purchases of gasoline. Revenues allocated to the City of Lodi under this program are divided into two categories: Article 8 funds, which are restricted for the improvement and maintenance of street systems; and Article 4 funds, which are restricted for public transit systems.

Community Development Block Grants

This fund was established to account for Federal moneys provided to the City principally for low and moderate income residents to develop a suitable living environment and expand economic opportunities.

Home Program

This fund was established to account for the City's Home Program that provides adequate and affordable housing for low and very low-income residents.

CITY OF LODI SPECIAL REVENUE FUNDS COMBINING BALANCE SHEET June 30, 2002

(with comparative totals for the year ended June 30, 2001)

	P	olice Special			Community Development Block	Home			Totals
		Revenue	Streets	Transportation	Grants	Program		2002	2001
ASSETS									
Cash and Investments	\$	66,798	41,671	68,073			\$	176,542 \$	1,001,271
Receivables:									
Accounts				304,183				304,183	436,822
Interest		3,516	19,241	641				23,398	38,186
Due from other funds or governmental agencies		306,999	3,108,938		732,423	63,899		4,212,259	4,661,533
Advance receivables	,				393,985	690,015		1,084,000	1,084,000
TÓTAL ASSETS	\$	377,313	3,169,850	372,897	1,126,408	753,914	_ \$	5,800,382 \$	7,221,812
LIABILITIES AND FUND BALANCE									
LIABILITIES									
Accounts payable and other liabilities	\$	8,423	117,288		19,183		\$	144,894 \$	774,658
Due to other funds or other governmental agencies			621,600		713,240	63,899		1,398,739	2,117,009
Deferred revenue			No. or alliana		393,985	690,015		1,084,000	1,279,828
TOTAL LIABILITIES	\$ _	8,423	738,888	Marie Commence of the Commence	1,126,408	753,914	_ \$	2,627,633 \$	4,171,495
FUND EQUITY Fund balances:									
Reserved for encumbrances			1,358,721					1,358,721	611,238
Unreserved - designated		368,890	1,072,241	372,897				1,814,028	2,439,079
TOTAL FUND BALANCE	ulvai	368,890	2,430,962	372,897		Manual constant of the second		3,172,749	3,050,317
TOTAL LIABILITIES AND FUND BALANCE	\$	377,313	3,169,850	372,897	1,126,408	753,914	\$	5,800,382 \$	7,221,812

CITY OF LODI

SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

Year ended June 30, 2002

(with comparative totals for the year ended June 30, 2001)

	Pn	lice Special			Community Development Block	Home		Ť	otals	
		Revenue	Streets	Transportation	Grants	Program		2002	010.0	2001
REVENUES							m-cw			
Taxes	\$		775,524				\$	775,524	\$	933,117
Intergovernmental revenues		626,732	10,139,549	1,846,183	477,075	139,094		13,228,633		7,293,600
Charges for services			1,333,524					1,333,524		1,351,243
Investment and rental income		23,402	84,500	2,715				110,617		251,351
Miscellaneous revenue			24,746	VACHIOUSIGNATION INTERNAL CONTRACTOR OF THE STATE OF THE	mmonmonosiponosocializacion	warmentermannelle mingram print de la la la		24,746		920
Total revenues		650,134	12,357,843	1,848,898	477,075	139,094		15,473,044		9,830,231
EXPENDITURES										
Current										
Public protection		467,571						467,571		386,340
Public works		·	92,292		477,075	139,094		708,461		1,013,725
Parks and recreation										197,000
Capital outlay			11,534,160	28,888				11,563,048		7,015,923
Total expenditures	- CUITAGA - CUIT	467,571	11,626,452	28,888	477,075	139,094		12,739,080		8,612,988
EXCESS OF REVENUES OVER EXPENDITURES		182,563	731,391	1,820,010				2,733,964		1,217,243
OTHER FINANCING SOURCES (USES)										
Operating transfers in		39,748	538,470					578,218		1,498,984
Operating transfers out		(41,229)	(1,645,871)	(1,502,650)				(3,189,750)		(5,718,278)
Total other financing sources (uses)	**************************************	(1,481)	(1,107,401)	(1,502,650)			*******	(2,611,532)		(4,219,294)
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES		181,082	(376,010)	317,360				122,432		(3,002,051)
FUND BALANCE, as previously reported, June 30,2001		187,808	2,806,972	55,537				3,050,317		5,950,875
Adjustment to fund balance	- marathan	Annual Marie (Marie Marie Mari	apaganya maganya maganya katala k			88230047288683886883804683804638888326886286483644836446464				101,493
FUND BALANCE , restated, June 30, 2001	ad reinstandin	187,808	2,806,972	55,537	**************************************	IEONY FERNANDA O NE TRANSPORTA NO ESPERANDA POR ESPERANDA A CONTRACTOR	wany	3,050,317	where	6,052,368
FUND BALANCE, JUNE 30, 2002	\$	368,890	2,430,962	372,897	The second secon		\$	3,172,749	\$	3,050,317

CITY OF LODI SPECIAL REVENUE FUNDS COMPARATIVE STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL Year ended June 38, 2862

		POLICE SPECI	AL REV	ENUE	_		SPECIAL GRAN	TS
				VARIANCE- Favorable				VARIANCE- Favorable
•	BUDG	SET ACTU	AL	(Unfavorable)	_	BUDGET	ACTUAL	(Unfavorable)
REVENUES								
Taxes	\$				\$			
Intergovernmental revenues	72	1,088 626	5,732	(94,356)		650,000		650,000
Charges for services								
Investment and rental income	3	i,105 23	,402	(7,703)				
Miscellaneous revenue					~			
Total Revenue	75	2,193 650	,134	(102,059)	-	650,000		650,000
EXPENDITURES								
Current								
Public protection	6 9 3	,354 467	571	225,783				
Public works								
Capital outlay						~~~~		
Total Expenditures	693	354 467	571	225,783	-		man more to the post of the second	
EXCESS (DEFICIENCY) OF REVENUE OVER								
(UNDER) EXPENDITURES	58	839 182	563	123,724		650,000		650,000
OTHER FINANCING SOURCES (USES)								
Operating transfers in	3),748 39	,748					
Operating transfers out	(41	,229) (41	229)		~		***************************************	
Total other financing sources (uses)	(1	481) (1	481)		-			Market Ma
EXCESS (DEFICIENCY) OF REVENUES AND OTHER								
FINANCING SOURCES OVER (UNDER) EXPENDITURES								
AND OTHER FINANCING USES	57	358 181	082	123,724		650,000		650,000
		- Annual	and in the					
FUND BALANCE BEGINNING OF YEAR	187	808 187	808	nas ner annen er er er er en en en er	-		The second secon	
FUND BALANCE, END OF YEAR	\$245	166 368	890	123,724	\$_	650,000		650,000

CITY OF LODI SPECIAL REVENUE FUNDS COMPARATIVE STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL Year ended June 30, 2002

		STREETS		7	RANSPORTATI	ON
			VARIANCE-			VARIANCE-
	ALT 100 ALT TO		Favorable			Favorable
REVENUES	BUDGET	ACTUAL	(Unfavorable)	BUDGET	ACTUAL	(Unfavorable)
Taxes	\$ 753,405	775,524	22,119	\$		
intergovernmental revenues	10,394,734	10.139.549	(255,185)	ə 1,987,873	1,846,183	1484 Chau
Charges for services	808.000	1,333,524	525,524	1,807,073	1,040,103	(141,690)
investment and rental income	192,275	84,500	(107,775)	5.000	2,715	(2,285)
Miscellaneous revenue	102,270	24.746	24,746	J,000	£,1 (4)	(2,200)
Total Revenue	12,148,414	12,357,843	209,429	1,992,873	1,848,898	(143,975)
EXPENDITURES						
Current						
Public protection						
Public works	92,292	92,292				
Capital outlay	14,436,728	11,534,160	2,902,568	28,888	28,888	
Total Expenditures	14,529,020	11,626,452	2,902,568	28,888	28,888	deservations and an amount of the same
EXCESS (DEFICIENCY) OF REVENUE OVER						
(UNDER) EXPENDITURES	(2,380,606)	731,391	3,111,997	1,963,985	1,820,610	(143,975)
OTHER FINANCING SOURCES (USES)						
Operating transfers in	538,470	538,470				
Operating transfers out	(1,645,871)	(1,645,871)		(1,502,650)	(1,502,650)	
Total other financing sources (uses)	(1,107,401)	(1,107,401)		(1,502,650)	(1,502,650)	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER						
FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(3,488,007)	(376,010)	3,111,997	461,335	317,360	(143,975)
t ready 2 to 1 to	(0,700,001)	(410,010)	w, t i t, wo f	40 1,000	J:>,JUS	(10,000)
FUND BALANCE, BEGINNING OF YEAR	2,806,972	2,806,972	AND AND THE PARTY OF THE PARTY	55,537	55,537	
FUND BALANCE, END OF YEAR	\$ (681,035)	2,430,962	3,111,997	\$ 516,872	372,897	(143,975)

CITY OF LODI SPECIAL REVENUE FUNDS COMPARATIVE STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE BUDGET AND ACTUAL Year ended June 30, 2002

DEVELOPMENT

		DEVELOP	MENT BLOC	K GRANTS		H	OME PROG	RAM			TOTALS	
	~			VARIANCE- Favorable				VARIANCE- Favorable	-			VARIANCE- Favorable
		BUDGET	ACTUAL	(Unfavorable)	BL	UDGET	ACTUAL	(Unfavorable)	-	BUDGET	ACTUAL	(Unfavorable)
REVENUES												
Taxes	\$				\$				\$	753,405	775,524	22,119
Intergovernmental revenues		1,474,585	477,075	(997,510)	7	792,093	139,094	(652,999)		16,020,373	13,228,633	(2,791,740)
Charges for services										808,000	1,333,524	525,524
Investment and rental income										228,380	110,617 24,746	(117,763) 24,746
Miscellaneous revenue		1,474,585	477,075	(997,510)		792,093	139,094	(652,999)		17,810,158	15,473,044	(2,337,114)
Total Revenue		1,414,000	417,313	1231/2101		132,030	130,034	(902,999)		17,030,100	10,410,044	(2,337,114)
EXPENDITURES												
Current												
Public protection										693,354	467,571	225,783
Public works		1,474,585	477,075	997,510	7:	92,093	139,094	652,999		2,358,970	708,461	1,650,509
Capital outlay										14,465,616	11,563,048	2,902,568
Total Expenditures		1,474,585	477,075	997,510	7	92,093	139,094	652,999		17,517,940	12,739,080	4,778,860
EXCESS (DEFICIENCY) OF REVENUE OVER												
(UNDER) EXPENDITURES										292,218	2,733,964	2,441,746
The same and the s												
OTHER FINANCING SOURCES (USES)										578,218	578,218	
Operating transfers in Operating transfers out										(3,189,750)	(3,189,750)	
Total other financing sources (uses)	****								-	(2,611,532)	(2,611,532)	Market Control of the
(Olai Other imaricing sources (uses)	****						~~		J-111			Marine Marine Marine Marine
EXCESS (DEFICIENCY) OF REVENUES AND OTHER												
FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES										(2,319,314)	122,432	2,441,746
										and the lateral and the	ac marking and	
FUND BALANCE, BEGINNING OF YEAR	*****								****	3,050,317	3,050,317	
FUND BALANCE, END OF YEAR	\$	namental s	NAMES AND DESCRIPTION OF THE PARTY OF THE PA		\$,,,,,,,,,,,,,,	NOTICE OF STREET	Annual activities and activities activities and activities activities and activities activities and activities activities activities activities activities activities and activities activit	nemendaminintalisistelisis neme	\$	731,003	3,172,749	2,441,746

SUPPLEMENTAL FINANCIAL STATEMENTS

DEBT SERVICE FUND

OVERVIEW

The City has established a debt service fund to account for the payment and accumulation of resources related to general long-term debt principal and interest for the following debt issues:

1995 Certificates of Participation

These bonds were issued in September 1995 to finance the Central City Revitalization and City Hall remodel. These bonds were refunded in January 2002.

1996 Certificates of Participation

The bonds were issued in August 1996 to finance the Conference/Performing Arts and Center. These were refunded in January 2002.

2002 Certificates of Participation

These bonds were issued in January 2002 to refund the 1995 and 1996 Certificates of Participation and to finance the New Public Safety building.

CITY OF LODI

DEBT SERVICE FUND

COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE Years ended June 30, 2002 and 2001

	2002	2001
EXPENDITURES Interest and fiscal charges Principal payments Total Expenditures	\$ 678,699 <u>555,000</u> 1,233,699	\$ 755,242 530,000 1,285,242
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(1,233,699)	(1,285,242)
OTHER FINANCING SOURCES		
Operating transfers in Total other financing sources	1,233,699 1,233,699	1,285,242 1,285,242
DEFICIENCY OF REVENUES AND OTHER SOURCES UNDER EXPENDITURES		
FUND BALANCE, BEGINNING OF YEAR		
FUND BALANCE, END OF YEAR		

SUPPLEMENTAL FINANCIAL STATEMENTS

CAPITAL PROJECT FUNDS

OVERVIEW

The City uses the following funds in order to account for the financial resources used in the construction and acquisition of major capital facilities or equipment (with the exception of those financed primarily through enterprise funds):

Vehicle and Equipment Fund

This fund was established to account for the financing and replacement of vehicles and equipment for all funds of the City with the exception of the Enterprise Funds. Financing is primarily provided through operating transfers from other funds, interest earnings and sales of surplus property.

Library Capital

This fund is used to account for the acquisition, construction and installation of capital facilities for the Library.

Subdivision Capital

This fund is used to account for construction and installation projects dealing with subdivision work for others.

Hutchins Street Square Capital

When the old Lodi High School burnt down, the City purchased the property and renamed it Hutchins Street Square. The Old Lodi High Site Foundation was established and this organization organizes events to raise money for the capital restoration of Hutchins Street Square.

Capital Outlay Reserve Fund

This fund was established to account for the entire City's construction projects and capital purchases in excess of \$10,000 with the exception of those funded through Enterprise Funds. Financing is provided primarily by operating transfers from other funds and from State and Federal grants.

Lodi Lake Capital

This fund was established to account for moneys charged for activities held at Lodi Lake. The Council designated the moneys to be used for Lodi Lake capital projects.

CITY OF LODI CAPITAL PROJECT FUNDS COMBINING BALANCE SHEET

June 30, 2002

(with comparative totals for the year ended June 30, 2001)

		/ehicle and	Library	Subdivision	Hutchins Street Square	Capital Outlay	Lodi Lake		Tot	sie	
		Equipment	Capital	Capital	Capital	Reserve	Capital	-	2002		2001
ASSETS Cash and investments Restricted assets	\$	215,540	51,584	300,339	3,577	9,673,735 12,781,863	95,032	\$	10,339,787 12,781,863	\$	5,784,985 1,098
Receivables: Accounts Property taxes			604		73,000	632,940 319,564	761 895		706,701 319,564		73,000 6,539
Interest Due from other funds or governmental agencies Other assets		······································	461	Andrews the control of the control o	and the second s	92,377 40,090			93,733 40,090		56,281 37,283 <u>1,085</u>
TOTAL ASSETS	\$_	215,540	52,025	300,339	76,577	23,540,569	96,688	\$	24,281,738	\$	5,960,271
LIABILITIES AND FUND BALANCE											
LIABILITIES Accounts payable and other liabilities Due to other funds or other governmental agencies Deferred revenue	\$	40,760	422		73,000	227,240 3,551,831 480,000		\$	268,422 3,624,831 480,000	\$	49,133 2,022,226
TOTAL LIABILITIES		40,760	422		73,000	4,259,071			4,373,253		2,071,359
FUND BALANCE Fund balances:											
Reserved for encumbrances		121,823	1,062			1,879,886	1,000		2,003,771		377,475
Unreserved-designated TOTAL FUND BALANCE	PARTIE	52,957 174,780	50,541 51,603	300,33 <u>9</u> 300,339	3,577 3,577 3,577	17,401,612 19,281,498	95,688 96,688	MATERIA PARTE	17,904,714 19,908,485	*******	3,511,437 3,888,912
TOTAL LIABILITIES AND FUND BALANCE	\$	215,540	52,025	300,339	76,577	23,540,569	96,688	\$	24,281,738	\$	5,960,271

CITY OF LODI CAPITAL PROJECT FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

Year ended June 30, 2002 (with comparative totals for the year ended June 30, 2001)

	Vehicle and Equipment	Library Capital	Subdivision Capital	Hutchins Street Square Capital	Capital Outlay Reserve	Lodi Lake Capital	_	2002	<u> Fotals</u>	2001
REVENUES Taxes Intergovernmental revenues	navaranasikainekiinistoonistoonistoonistoonistoonistoonistoonistoonistoonistoonistoonistoonistoonistoonistoonis G	Commission of the Commission of Michigan State of the Commission of Comm			1,692,200 4,256,051	statuerateratementimika dikuminiminiminiminiminiminiminiminiminimin	\$	1,692,200 4,256,051	\$	1,596,728 322,479
Charges for services Investment and rental income Miscellandous revenue Total revenue	61,159 \$ 61,159	157 70,000 70,157	saharradisahlahsadasmannindi di Minisahlahlahlah	NO ARRAPO LINGUAL MANTENA LINGUAL MANTENA PARTINA PART	807,994 600,999 1,052,069 8,409,313	6,425 3,662 10,087	\$	807,994 607,581 1,186,890 8,550,716	\$	1,254,683 512,493 305,680 3,992,063
EXPENDITURES Current		marken market medical statement and the statement and market	secretarium interioral described del 2018/00/00/24/50/00/24/50/00/24/50/00/24/50/00/24/50/00/24/50/00/24/50/00						Antimotive	
Public works Capital outlay	\$ 820,772	144,906			197,548 4,993,307	80,328	\$	197,548 6,039,313	\$	4,358,741
Total expenditures	\$ 820,772	144,906	essuement and colored transfer of the colored transfer		5,190,855	80,328	\$	6,236,861	\$	4,358,741
(DEFICIENCY) EXCESS OF REVENUE (UNDER) OVER EXPENDITE	URES (759,613)	(74,749)			3,218,458	(70,241)		2,313,855		(366,678)
OTHER FINANCING SOURCES (USES) Operating transfers in Operating transfers out Proceeds from bond refunding Payment to refunded bond escrow	738,389 (80,185)	2,715			4,420,204 (4,899,026) 13,269,086 (13,269,086) 13,395,749	153,748		5,315,056 (4,979,211) 13,269,086 (13,269,086) 13,395,749		2,382,044 (2,041,242)
Proceeds of Certificate of Participation Total other financing sources (uses)	658,204	2.715			12,916,927	153,748	***	13,731,594		340,802
(DEFICIENCY) EXCESS OF REVENUES AND OTHER SOURCES (UNDER) OVER EXPENDITURES AND OTHER USES	(101,409)	(72,034)			16,135,385	83,507		16,045,449		(25,876)
FUND BALANCE, BEGINNING OF YEAR	276,189	123,637	300,339	3,577	3,146,113	13,181		3,863,036	warman	3,888,912
FUND BALANCE, END OF YEAR	\$ 174,780	51,603	300,339	3,577	19,281,498	96,688	\$ _	19,908,485	\$	3,863,036

SUPPLEMENTAL FINANCIAL STATEMENTS

ENTERPRISE FUNDS

OVERVIEW

Enterprise funds are distinguished by their similarity to private sector activities, as the intent is to finance or recover the cost of providing services primarily through user charges. As such, the measurement focus is on net income in addition to financial position and changes in financial condition. An accrual basis of accounting with depreciation recorded as an expense is utilized. Enterprise funds may also be established in order to account for operations under which the City or an outside grantor agency has decided that a periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The City of Lodi uses the following four enterprise funds:

Electric Fund

The City established this fund in order to account for the provision of electric services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including but not limited to, source of supply, overhead, systems maintenance, customer service, engineering, administration, capital improvements, maintenance and debt service.

Sewer Fund

This fund was established by the City in order to account for the provision of waste water collection and treatment services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, improvements and debt service.

Water Fund

This fund was established by the City in order to account for the provision of water to the residents of the City as well as some customers in the County. All activities to provide such services are accounted for in this fund, including, but not limited to administration, operations, distribution, maintenance, capital improvements and debt service.

Transit Fund

This fund is used to account for the operations of the Dial-A-Ride and the Grapeline bus system.

CITY OF LODI ENTERPRISE FUNDS COMBINING BALANCE SHEET June 30, 2002

(with comparative totals for the year ended June 30, 2001)

Totals

Restricted assets 22,961,976 587 264 22,962,827 31,264,969 Receivables: Accounts 4,126,694 759,307 315,733 25,181 5,226,915 8,499,760 Interest 22,808 14,421 5,949 43,178 155,026 Due from other funds or governmental agencies 1,750,000 1,445,399 1,928,029 450,000 5,573,428 6,532,067									otals	
Cash and investments \$ 2,423,175 133,848 \$ 2,557,023 9,113,680 Restricted assets 22,961,976 587 264 22,962,827 31,264,969 Receivables: Accounts 587 315,733 25,181 5,226,915 8,499,760 Interest 22,808 14,421 5,949 43,178 155,026 Due from other funds or governmental agencies 1,750,000 1,445,399 1,928,029 450,000 5,573,428 6,532,067			Electric	Sewer	Water	Transit		2002	***********	2001
Restricted assets 22,961,976 587 264 22,962,827 31,264,969 Receivables: Accounts 4,126,694 759,307 316,733 25,181 5,226,915 8,499,760 Interest 22,808 14,421 5,949 43,178 155,026 Due from other funds or governmental agencies 1,750,000 1,445,399 1,928,029 450,000 5,573,428 6,532,067	ASSETS									
Receivables: Accounts 4,126,694 759,307 316,733 25,181 5,226,915 8,499,760 Interest 22,808 14,421 5,949 43,178 155,026 Due from other funds or governmental agencies 1,750,000 1,445,399 1,928,029 450,000 5,573,428 6,532,067	Cash and investments	\$	2,423,175		133,848		\$	2,557,023	\$	9,113,680
Accounts 4,126,694 759,307 315,733 25,181 5,226,915 8,499,760 Interest 22,808 14,421 5,949 43,178 155,026 Due from other funds or governmental agencies 1,750,000 1,445,399 1,928,029 450,000 5,573,428 6,532,067	Restricted assets		22,961,976	587	264			22.962.827		31,264,969
Interest 22,808 14,421 5,949 43,178 155,026 Due from other funds or governmental agencies 1,750,000 1,445,399 1,928,029 450,000 5,573,428 6,532,067	Receivables:									, ,
Interest 22,808 14,421 5,949 43,178 155,026 Due from other funds or governmental agencies 1,750,000 1,445,399 1,928,029 450,000 5,573,428 6,532,067	Accounts		4,126,694	759,307	315,733	25,181		5.226.915		8.499.760
Due from other funds or governmental agencies 1,750,000 1,445,399 1,928,029 450,000 5,573,428 6,532,067	Interest		22,808	14,421	5,949					
	Due from other funds or governmental agencies		1,750,000	1,445,399	1,928,029	450,000				5 .
70//since i constantes 052/06/1 4/153/1996	Advance receivables		692,887			,		692,887		4.733.096
	Inventory		1,775,516	13,195	191,179					1.710.474
	Other assets		2,863	5.213	3,555	188				54.688
	Fixed assets (nel)		28,838,205	34,468,928		11,971,561				84,963,403
	Deferred financing costs		1.175.852	194,367	, ,					202,638
	TOTAL ASSETS	\$	63,769,976	36,901,417	19,671,759	12,446,930	\$		\$	147,229,801
						*	******		* 0000	
LIABILITIES AND FUND EQUITY	LIABILITIES AND FUND EQUITY									
LIABILITIES										
		\$	1,962,621	107,147	805,178	157,513	\$	3,032,459	\$	3,858,867
Accrued salaries and wages 2 2 37	Accrued salaries and wages		2					2		37
			519,105	324,460	23,188	20,146		886,899		1,075,765
Due to other funds or other governmental agencies 1,720,079 1,20,079 1,401,310	Due to other funds or other governmental agencies					1,720,079		1,720,079		1,401,310
Accrued compensated absences 933,489 526,350 9,575 1,469,414 1,122,277	Accrued compensated absences		933,489	526, 35 0	9,575			1,469,414		1,122,277
Deferred revenue 16,248 868,218 884,466 868,218	Defened revenue			16,248	868,218			884,466		868,218
Certificates of participation payable, net of discount 46,032,704 9,370,348 11,500,000 66,903,052 59,930,925	Certificates of participation payable, net of discount		46,032,704	9,370,348	11,500,000			66,903,052		59,930,925
Water note payable 2,659,861 2,659,881 2,793,718	Water note payable				2,659,861			2,659,881		2,793,718
TOTAL LIABILITIES \$ 49,447,921 10,344,553 15,866,040 1,897,738 \$ 77,556,252 \$ 71,051,117	TOTAL LIABILITIES	\$	49,447,921	10,344,553	15,866,040	1,897,738	\$	77,556,252	\$	71,051,117
SIMP FOR UTY	production company appropriate									
FUND EQUITY		di								
		*			* * * * * * * * * * * * * * * * * * *	The second secon	\$		\$	13,766,767
		-			Colored and the second		-			62,411,917
										76,178,684
TOTAL LIABILITIES AND FUND EQUITY \$ 63,769,976 36,901,417 19,671,759 12,446,930 \$ 132,790,082 \$ 147,229,801	TOTAL MASILITES AND FUND EQUITY	*	63,/59,9/6	36,901,417	19,671,759	12,446,930	\$	132,790,082	\$	147,229,801

CITY OF LODI

ENTERPRISE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY

Year ended June 30, 2002

(with comparative totals for the year ended June 30, 2001)

							To	itals	
		<u>Electric</u>	Sewer	Water	Transit	_	2002		2001
OPERATING REVENUES									***************************************
Charges for services	\$_	47,266,575	4,138,729	4,045,705	234,200	\$ _	55,685,209	\$_	48,632,352
OPERATING EXPENSES									
Personnel services		3.076.786	1,503,326	831.445	71.082		£ 400.000		F 464 4164
Supplies, materials and services		7.602.871	1,505,52 0 2,851,848	6,955.850	71,002 5,823,950		5,482,639		5,461,461
Utilities		52.865.235	452.542	743.761	29.376		23,234,519		18,444,362
Depreciation and amortization		778,235	1,062,962	620,586	2 5,370 374,536		54,090,914		39,570,924
TOTAL OPERATING EXPENSES	. €	64,323,127	5.870.678	9,151,642	6,298,944	ď	2,836,319 85,644,391	e	2,364,565 65,841,312
TOTAL OF EFFINITE EXTENSION	*-	03,020,121	3,510,610	0,101,042	0,200,554	Φ.	03,544,35!	₹	05,041,312
	_								
OPERATING LOSS	\$_	(17,056,552)	(1,731,949)	(5,105,937)	(6,064,744)	\$ _	(29,959,182)	\$	(17,208,960)
NONOPERATING REVENUES (EXPENSE)									
Interest, net	\$	175,808	(595, 168)	(94,769)	(146,961)	\$	(661,090)	\$	2,440,378
Rent		6,000	174,674	29,196	9,900	•	219,770		194,181
Fees received from developers		-	97,148	473,811	*		570,959		494,337
Other revenues		763,456	909,431	444,245	3,790,483		5,907,615		4,173,415
TOTAL NONOPERATING REVENUES (EXPENSE)	\$_	945,264	586,085	852,483	3,653,422	\$ _	6,037,254	\$	7,302,311
LOSS BEFORE CAPITAL CONTRIBUTIONS AND OPERATING TRANSFERS		(16,111,288)	(1,145,864)	(4,253,454)	(2,411,322)		(23,921,928)		(9,906,649)
Capital contributions		623.420	800,094	682,209	4,131.859		6,237,582		9,800,570
Operating Transfers in		508,433	871.395	312.563	1,173,511		2,865,902		3,803,234
Operating Transfers out		(2,757,852)	(1,881,645)	(1,186,209)	(300,704)		(6, 126, 410)		(4,212,409)
Net Operating Transfers in (out)	J. 1	(1,625,999)	(210,156)	(191,437)	5,004,666		2,977,074	Allered	9,391,395
	******	arthur salta mariett particular actions a de maria et a action e		-					range garantee en anima de anno de anno este en este e
Net (loss) income		(17,737,287)	(1,356,020)	(4,444,891)	2,593,344		(20,944,854)		(515,254)
and the second section of the second section		See Name Service	and the state of t	a turbar trak makan	a danta di sua santi s				لفتائم فراه عاملان
Add: Depreciation on contributed assets		9,219	154,669	102,877	189,104	*680	455,869		455,869
Net (decrease) increase to retained earnings		(17,728,068)	(1,201,351)	(4,342,014)	2,782,448		(20,488,965)		(59,385)
,			., , . ,	* * ***** *	-44		(mar, 1-1,1-1)		, , ,
RETAINED EARNINGS - BEGINNING OF YEAR		31,466,378	22,844,252	4,720,502	3,380,785		62,411,917	v.	62,471,302
RETAINED EARNINGS - END OF YEAR		13,738,310	21,642,901	378,488	6,163,233		41,922,932		62,411,917
LIFT A LIGHT FOR FEASING CO. TO SEC. OF THE SEC.	~~	70,700,033	2,072,903	310,750		w.m.	omer and the second	,4000	
CONTRIBUTED CAPITAL:									
Beginning of year		592,964	5,068,632	3,530,108	4,575,063		13,766,767		14,222,636
Depreciation on contributed assets acquired through June 30, 2000	<u>.</u>	(9,219)	(154,669)	(102,877)	(189, 104)		(455,869)		(455,869)
End of year		583,745	4,913,963	3,427,231	4,385,959	*****	13,310,898		13,766,767
THE STATE OF A A 1 SEC. OF A A 1 SEC. OF A		a a service more				_			
TOTAL FUND EQUITY	2	14,322,055	26,556,864	3,805,719	10,549,192	\$	55,233,830	\$	76,178,684

CITY OF LODI

ENTERPRISE FUNDS

COMBINING STATEMENT OF CASH FLOWS

Year ended June 30, 2002

(with comparative totals for the year ended June 30, 2001)

		As a district of the	The state of the s		Total	s
	Electric	Sewer	Water	Transit	2002	2001
Cash flows from operating activities:						
Operating loss	(17,056,552)	(1,731,949)	(5,105,937)	(6,064,744) \$	(29,959,182)	(17,208,960)
Adjustments to reconcile operating loss to		, , , ,				
net cash used in operating activities:						
Depreciation and amortization	778,235	1.062,962	620,586	374,536	2,836,319	2,364,565
Other revenues	763,456	909,431	444,245	3,790,483	5,907,615	4,173,415
Change in assets and liabilities:			.,,	• •		
Decrease (increase) in accounts receivables	3,511,789	(152,968)	(72,795)	(13,181)	3,272,845	(4, 100, 184)
Decrease (increase) in advance receivables	4,040,209	, ,	. , ,		4,040,209	(2,360,609)
Increase in restricted deposit	., ,	(583)	(4)		(587)	(260)
Decrease in interest receivables	78,175	24,908	8.765		111,848	101,095
Decrease (increase) in due from other funds	1,840,537	(1,402,626)	(259,754)	780,482	958,639	(2,532,722)
(Increase) decrease in inventory	(304,051)	91	34,544		(269,416)	191,594
Decrease (increase) in other assets	44,655	(757)	(1,920)	890	42,868	(48,525)
(Decrease) increase in accounts payable and other liabilities	(616,730)	7.948	(302,678)	85,053	(826,407)	1,806,052
(Decrease) increase in accrued salaries and wages	(35)	·	• • • •		(35)	(114,284)
Decrease (increase) in accrued interest	(176,613)	(4,575)	(694)	(6,984)	(188,866)	485
Increase (decrease) in due to other funds	, , , , , , ,	. , ,		318,768	318,768	(256, 126)
Increase (decrease) in compensated absences	169,633	177,042	1,509	(1,049)	347,135	164,132
Increase in deferred revenue	,	16,248	'		16,248	(16,248)
Net cash used in operating activities	(6,927,292)	(1,094,828)	(4,634,133)	(735,746)	(13,391,999)	(17,836,580)
Cash flows from noncapital financing activities:						
Operating transfers in	508.433	871,395	312,563	1,173,511	2,865,902	3,803,234
Operating transfers out	(2,757,852)	(1,881,645)	(1,186,209)	(300,704)	(6,126,410)	(4,212,409)
Fees received from developers	, , , ,	97,148	473,811		570,959	494,337
Net cash (used in) provided by noncapital financing activities	(2,249,419)	(913,102)	(399,835)	872,807	(2,689,549)	85,162
Cash flows from capital financing activities:						
Proceeds from Certificates of Participation	11,653,507		4,500,000		16,153,507	9,227,375
Issuance costs - Certificates of Participation	(1,216,398)				(1,216,398)	
Acquisition and construction of capital assets	(3,591,498)	(155,371)	(126,881)	(4,131,861)	(8,005,611)	(10,093,628)
Principal payments on debt	(1,100,000)	(150,000)	(133,837)		(1,383,837)	(274,587)
Interest payments on debt	(1,359,377)	(648,920)	(93,446)		(2,101,743)	(2,146,855)
Capital contributed				4,131,861	4,131,861	3,906,289
Net cash provided by (used in) capital financing activities	4,386,234	(954,291)	4,145,836	Other Colonia Colonia de Colonia	7,577,779	620,594
Cash flows from investing activities:						
Rent of City property	6,000	174,674	29,196	9,900	219,770	194,181
Interest on investments	1,821,874	53,752	(1,323)	(146,961)	1,727,342	4,587,234
Net cash provided by (used in) investing activities	1,827,874	228,428	27,873	(137,061)	1,947,112	4,781,415
Net decrease in cash and cash equivalents	(2,962,603)	(2,733,795)	(860,259)		(6,556,657)	(12,349,409)
Cash and cash equivalents at beginning of year	5,385,778	2,733,795	994.107	gundunuman anna tarkinin katalaha (1880) WWW	9,113,680	21,463,089
Cash and cash equivalents at end of year	2,423,175		133,848	\$	2,557,023	9,113,680
· · · · · · · · · · · · · · · · · · ·			THE PERSON NAMED IN COLUMN TWO IS NOT THE PERSON NAMED IN COLUMN TO THE PERSON NAMED IN COLUMN T			

Noncash Investing. Capital and Financing Activities

Enterprise Funds - The City received donated fixed assets valued at \$6,237,582 for the year ended June 30, 2002.

SUPPLEMENTAL FINANCIAL STATEMENTS

INTERNAL SERVICE FUND

OVERVIEW

Internal Service Funds are maintained to account for the internal transfer of services between operating units of the City. The purpose of an Internal Service Fund is to achieve a level of operating efficiency that may not be available if the same activities were performed by multiple organizations.

Claims and Benefits Funds

The City of Lodi maintains an internal service fund to account for the following insurance and certain employee benefits:

General Liability

Workers' Compensation

Dental

Chiropractic

Life/accidental insurance

Medical

Employee assistance program

Employee recognition program

Unemployment insurance

Flexible spending program

Long Term Disability

Vision

CITY OF LODI INTERNAL SERVICE FUND COMBINING BALANCE SHEET June 30, 2002 and 2001

			otals	
	steartesteart	2002		2001
ASSETS	subsidentic		2342-47-48-44 <u>.</u>	
Cash and investments	\$	978,977	\$	1,929,432
Receivables:				
Accounts		185,911		84,475
Interest		8,922		27,579
Other assets		6,250		
TOTAL ASSETS	\$ equipment of the second of t	1,180,060	\$	2,041,486
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Self-insurance reserve	\$	2,733,000	\$	3,576,629
TOTAL LIABILITIES	\$	2,733,000	\$	3,576,629
FUND DEFICIT				
Retained deficit	\$	(1,552,940)	\$	(1,535,143)
TOTAL FUND DEFICIT	brokowani	(1,552,940)	imiasi kulikunan	(1,535,143)
TOTAL LIABILITIES AND FUND DEFICIT	\$	1,180,060	\$	2,041,486
· que · · · · · · · · · · · · · · · · · · ·	Enterprise Control of		winder of the second	

CITY OF LODI

INTERNAL SERVICE FUND

COMBINING STATEMENT OF REVENUES, EXPENSES AND

CHANGES IN FUND DEFICIT

Years ended June 30, 2002 and 2001

	Tota	İs
	2002	2001
OPERATING REVENUES		
Charges for services	\$340,653	\$ 2,571,428
OPERATING EXPENSES		
Personnel services	269,042	166,761
Supplies, materials and services	2,736,984	2,669,319
Claims payments	1,401,350	1,406,618
TOTAL OPERATING EXPENSES	4,407,376	4,242,698
OPERATING LOSS	(4,066,723)	(1,671,270)
NONOPERATING REVENUES		
Investment income (expenses), net	54,441	192,309
Other revenues	163,218	79,216
TOTAL NONOPERATING REVENUES	217,659	271,525
LOSS BEFORE OPERATING TRANSFERS	(3,849,064)	(1,399,745)
Operating transfers in	3,831,267	1,160,995
Net loss	(17,797)	(238,750)
RETAINED DEFICIT - BEGINNING OF YEAR	(1,535,143)	(1,296,393)
RETAINED DEFICIT - END OF YEAR	(1,552,940)	(1,535,143)

CITY OF LODI INTERNAL SERVICE FUND COMBINING STATEMENT OF CASH FLOWS Years ended June 30, 2002 and 2001

		Tota	als.
	AND THE PERSON NAMED IN COLUMN TO TH	2002	2001
Cash flows from operating activities:			
Operating loss	\$	(4,066,723)	(1,671,270)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Other revenues		163,218	79,216
Changes in assets and liabilities:			
(Increase) decrease in accounts receivables		(101,436)	14,950
Decrease (increase) in interest receivables		18,657	(4,414)
(Increase) decrease in other assets		(6,250)	4,186
Decrease in self-insurance reserve	V-CALCASSION-CA	(843,629)	
Net cash used in operating activities	mignipolone	(4,836,163)	(1,577,332)
Cash flows from noncapital financing activities:			
Operating transfers in		3,831,267	1,160,995
Net cash provided by noncapital financing activities	WALKA AND GOOD	3,831,267	1,160,995
Cash flows from investing activities:			
Interest on investments		54,441	192,309
Net cash provided by investing activities	and and a supplement	54,441	192,309
Net decrease in cash and cash equivalents		(950,455)	(224,028)
Cash and cash equivalents at beginning of year	mendinantione	1,929,432	2,153,460
Cash and cash equivalents at end of year	The second secon	978,977	1,929,432

SUPPLEMENTAL FINANCIAL STATEMENTS

TRUST AND AGENCY FUNDS

OVERVIEW

The City has established the following expendable trusts and agency funds, which are used to account for funds, held by the City in a trustee capacity or as an agent for private individuals, organizations or other governmental agencies:

Expendable Trust Funds

Private Sector Trust

This fund was established to account for assets held and invested by the Library Board as trustee. The Library can spend the funds in accordance with trust agreements.

Hutchins Street Square Bequest

This fund was established to account for assets held by the City as trustee. The City can spend the principal and earnings of the trust in accordance with the trust agreement on behalf of Hutchins Street Square.

Miscellaneous Expendable Trust

This fund was established to account for nominal sums of moneys held by the City as trustee. It is believed that these sums will be spent within a short span of time.

Agency Funds

Special Assessments

This fund was established to account for special assessments collected on the property tax roll by the City on behalf of the property owners within the Industrial Way Beckman Districts and the Downtown and Cherokee Lane Districts.

CITY OF LODI TRUST AND AGENCY FUNDS COMBINING BALANCE SHEET June 30, 2002

(with comparative totals for the year ended June 30, 2001)

			Expendable Trust I	Funds	Agency Fund				
		Private	Hutchins Street	Miscellaneous	Special		T		
	S	ector Trust	Square Bequest	Expendable Trust	Assessments		2002	***************************************	2001
ASSETS								-	
Cash and Investments	\$	608,973	390	282,692	380,249	\$	1,272,304	\$	1,111,038
Receivables:									
Accounts				1,598			1,598		1,598
Special assessments					40,894		40,894		40,346
Interest			4		3,576		3,580		5,593
Other assets				9,776			9,776		9,062
TOTAL ASSETS	\$	608,973	394	294,066	424,719	\$	1,328,152	\$	1,167,637
LIABILITIES AND FUND BALANCE									
LIABILITIES									
Accounts payable and other liabilities	\$			294,066	424,719	\$	718,785	\$	493,250
TOTAL LIABILITIES	\$		And the Anti-Control of Control o	294,066	424,719	\$_	718,785	\$	493,250
FUND BALANCE									
Unreserved-designated		608,973	394				609,367		674,387
TOTAL FUND BALANCE	Остановний	608,973	394				609,367		674,387
TOTAL LIABILITIES AND FUND BALANCE	\$	608,973	394	294,066	424,719	\$	1,328,152	\$	1,167,637

CITY OF LODI

EXPENDABLE TRUST FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

Year ended June 30, 2002

(with comparative totals for the year ended June 30, 2001)

			xpendable Trust Fun	ds				
		Private	Hutchins Street	Miscellaneous		7	Totals	
		Sector Trust	Square Bequest	Expendable Trust	-	2002		2001
REVENUES			Andreas and State Andreas and the Control of the Co	Mary and the second				
Investment and rental income	\$	4,963	17		\$	4,980	\$	9,305
Miscellaneous revenue				18,361		18,361		17,227
Total revenues	\$	4,963	Annual Contract Contr	18,361	\$ _	23,341	\$ _	26,532
EXPENDITURES								
Current								
Library	\$	70,000			\$	70,000	\$	15,000
Total expenditures	\$	70,000	A SECURIOR S		\$	70,000	\$	15,000
	•		Authorized Colonia (Colonia Colonia Co				200	one of the second secon
(DEFICIENCY) EXCESS OF REVENUE (UNDER) OVER EXPENDITURE	ES	(65,037)	17	18,361		(46,659)		11,532
OTHER FINANCING SOURCES								
Operating transfers out				(18,361)		(18,361)		(17,227)
Total other financing sources	*			(18,361)	witness	(18,361)		(17,227)
(DEFICIENCY) EXCESS OF REVENUE AND OTHER FINANCING								
SOURCES (UNDER) OVER EXPENDITURES		(65,037)	17			(65,020)		(5,695)
FUND BALANCE, BEGINNING OF YEAR		674,010	377			674,387		680,082
	м	unica sum consecutivo con consecutivo de consecutivo de consecutivo de consecutivo de consecutivo de consecuti	CONTRACTOR		Unidect	TO ANTONIO ANT DESCRIPTION OF THE PROPERTY OF	4204704	
FUND BALANCE, END OF YEAR	\$	608,973	394		8	609,367	\$	674,387
to see a comment of the comment of t	` **				Total Control		, contra	

CITY OF LODI AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

Year ended June 30, 2002

(with comparative totals for the year ended June 30, 2001)

			Special As	sessments			
		Balance			E	lalance	;
		7/1/01	Additions	Deductions	6/30/02		6/30/01
ASSETS	, or, a						
Cash and investments	\$	384,911	229,016	233,678	380,249	\$	384,911
Special assessment receivable		40,346	40,894	40,346	40,894		40,346
Interest receivable		5,588	3,576	5,588	3,576	quines to a	5,588
TOTAL ASSETS	\$ _	430,845	273,486	279,612	424,719	\$	430,845
LIABILITIES							
Accounts payable and other liabilities	\$_	430,845	ti termilika saki kumunda da masa ada ka diki da diki ili diki ili diki ili diki malim baki ili diki ili diki i Baki ili ka ka ili diki malim da da malim da diki ili diki ili diki ili diki ili diki malim baki ili diki ili d	6,126	424,719	\$	430,845
TOTAL LIABILITIES	\$ _	430,845		6,126	424,719	\$	430,845

SUPPLEMENTAL SCHEDULES

GENERAL FIXED ASSETS

AND

GENERAL LONG-TERM OBLIGATIONS

ACCOUNT GROUPS

OVERVIEW

General Fixed Assets Account Group

All of the City's fixed assets of a tangible nature, except those relating to the proprietary fund types, are accounted for in this Account Group. As these assets are not financial resources available for expenditure or appropriation, they are not accounted for with Governmental Funds, but as an account group; and exist solely as accounting records of the City's fixed assets. The City's general fixed assets have been accounted for at cost, and do not include public domain or infrastructure fixed assets such as roads, bridges, storm drains or sidewalks, as these assets are immovable and only of value to the City.

General Long-Term Obligations Account Group

The City's long term obligations, except those relating to the proprietary fund types, are accounted for in this Account Group. These liabilities are backed by the full faith and credit of the City, which means that the general taxing authority of the City secures the debt. Included in long-term obligations are:

- Compensated absences
- Capitalized leases obligations
- Certificates of Participation
- Notes Payable

CITY OF LODI COMPARATIVE SCHEDULE OF GENERAL FIXED ASSETS June 30, 2002 and 2001

General fixed assets:		2002		2001
Land	\$	22,425,347	\$	21,059,805
Buildings and improvements		37,777,404		37,635,750
Machinery and equipment		6,946,561		5,743,372
Vehicles		5,551,070		4,887,961
Construction in progress		17,412,056		12,125,017
Capital lease assets	4500546500	1,424,086	NCD+070201GPvG	1,512,265
Total	\$	91,536,524		82,964,170
Investment in general fixed assets:				
Prior year balances (as of June 30,1991)	\$	42,965,286	\$	42,965,286
General fund		25,967,055		22,874,458
Special revenue funds		1,225,401		725,235
Capital projects funds	SEAN-ASS.	21,378,782	NO/MERHIDING CALIFO	16,399,191
Total	\$	91,536,524		82,964,170

CITY OF LODI SCHEDULE OF GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY June 30, 2002

Function and Activity	м	Land	Buildings and Improvements	Machinery and Equipment	Vehicles	Capital Lease Assets	Construction in Progress	12	Total
General Government:				40 P00				\$	48,533
City clerk	4			48,533	05.704			Φ	937,077
City manager				901,293	35,784		40.074		•
Finance				<u>591,666</u>	202,791	myyrymym magainiadd charles (20-00-000 An Anna	12,874	**	807,331
Total General Government	\$_		with many wind and which the control that the company may be control to the control that th	1,541,492	238,575	pay pag pang pang mananang manahan dan dan dal dal di	12,874	\$_	1,792,941
Public protection	\$	984,187	739,336	3,274,586	2,670,089	1,424,086	3,499,803	\$	12,592,087
Public works	*	1,037,952	814,260	1,016,838	1,843,897		2,713,338		7,426,285
a workers at a constant		205,286	328,524	169,001	,				702,811
Library		13,036,988	21,370,422	679,975	607,960		2,531,220		38,226,565
Parks and recreation		7,160,934	14,524,862	264,669	190,549		8,654,821		30,795,835
Non-departmental	-		Charles of the Control of the Contro	The first of the f	Security of the security of th	HVJHVJHENHYPY, Musika kurin militarinda oka ilika inka inka inka inka inka inka inka i	y pyrymania mairinni mir aktrision kirja distribut ya katenia a ka majingan majingan majingan katenia katenia k	**	aggamymymytanoliniya, ata kararayaya (firaya)yayiniyini da kiraray
Total general fixed assets allocated to functions	. \$	22,425,347	37,777,404	5,405,069	5,312,495	1,424,086	17,399,182	\$.	89,743,583
Total general fixed assets	\$	22,425,347	37,777,404	6,946,561	5,551,070	1,424,086	17,412,056	\$	91,536,524

CITY OF LODI
Schedule of Changes in General Fixed Assets
By Function and Activity
Year ended June 30, 2002

Function and Activity	General Fixed Assets June 30, 2001	Additions	Deletions	General Fixed Assets June 30, 2002
General Government:				
City Clerk	\$ 48,533		\$	48,533
City Manager	339,722	597,355		937,077
Finance	1,036,626	7,166	(236,461)	807,331
Total General Government	1,424,881	604,521	(236,461)	1,792,941
Public Protection	8,746,277	3,845,810		12,592,087
Public Works	7,080,062	346,223		7,426,285
Library	696,395	6,416		702,811
Parks and Recreation	36,284,455	2,083,766	(141,656)	38,226,565
Non-departmental	28,732,100	2,981,926	(918, 191)	30,795,835
Total General Fixed Assets	annum ar ann an Aireann an Aireann an Aireann an Aireann an Aireann Aireann Aireann an Aireann an Aireann an A	YON-HINOREN PROPORTIONEN MUTUMAN MANUNUM MUTUMAN MUTUM	And the second section of the research of the second section of the section o	решине де то-про-ситемите бе-би-бе-бе-компания денамия денамия инфинент-бе-бе-бе-бе-бе-бе-бе-бе-бе-бе-бе-бе-бе-
Allocated to Functions	\$ 81,539,289	9,264,141	(1,059,847) \$	89,743,583
Total General Fixed Assets	\$ 82,964,170	9,868,662	(1,296,308) \$	91,536,524

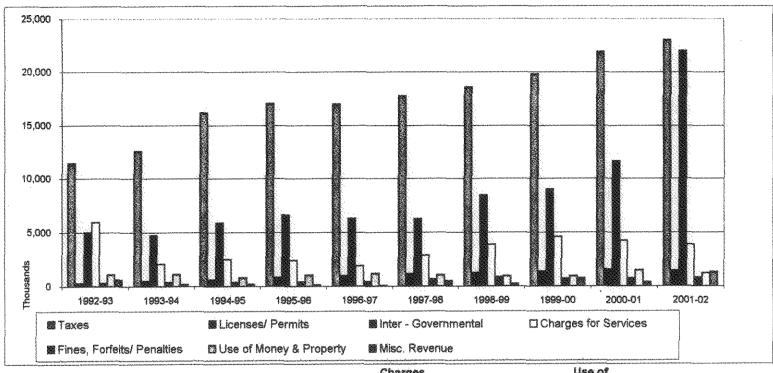
CITY OF LODI COMPARATIVE SCHEDULES OF GENERAL LONG-TERM OBLIGATIONS June 30, 2002 and 2001

	and the second s	2002	<u>Vanasuran kunanna</u>	2001
Amount to be provided for retirement				
of general long-term obligations	\$	33,773,224	\$	19,500,934
Total	\$	33,773,224	S CONTRACTOR AND	19,500,934
General Long-term Obligations				
Compensated absences	\$	5,923,459	\$	5,592,499
Capitalized lease obligations		859,765		928,435
Certificates of participation		26,745,000		12,980,000
Notes Payable	distribution and a second and a	245,000	- And confinement on the confinement of the confine	масына шылыш айын айын айын айын айын айын айын айын
Total		33,773,224	And Commission of Association (Association of Association of Assoc	19,500,934

STATISTICAL TABLES

UNAUDITED

CITY OF LODI GENERAL GOVERNMENTAL REVENUES BY SOURCE LAST TEN FISCAL YEARS (Amounts in Thousands)



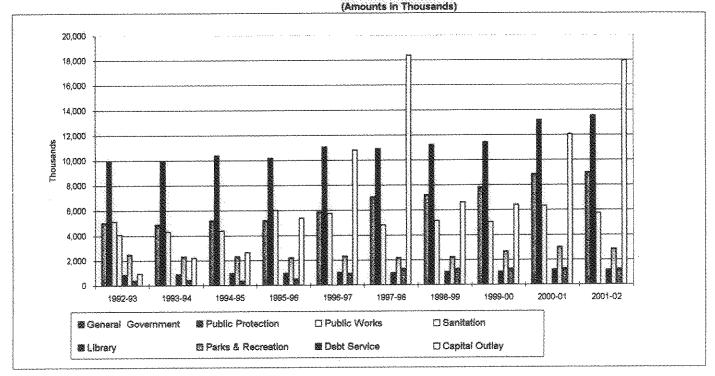
					Charges			Use of		
Fiscal			Licenses/	inter -	for		Fines, Forfeits/	Money &	Misc.	
Year	Taxes		Permits	Governmental	Services		Penalties	Property	Revenue	 Total
1992-93	\$ 11,462	\$	317	5,049	\$ 5,975	\$	338	\$ 1,136	\$ 649	\$ 24,926
1993-94	12,579		507	4,756	2,100	验	407	1.157	199	21,705
1994-95	16,209	**	634	5,928	2,517		406	808	201	26,703
1995-96	17,070		842	6,642	2,428		421	1,063	140	28,606
1996-97	17.029		1,012	6,316	1,908		453	1,216	80	28,014
	17,790		1,183	6,291	2,871		662	1,060	524	30,381
1998-99	18,594		1.267	8,493	3,874		878	982	243	34,331
1999-00	19.801		1,406	9,054	4,611		714	982	764	37,332
2000-01	21.909		1,592	11,641	4,249		765	1,509	383	42,048
2001-02	23,043		1,464	22,000	3,888		806	1,234	1,349	53,784
1997-98 1998-99 1999-00 2000-01	17,790 18,594 19,801 21,909		1,183 1,267 1,406 1,592	6,291 8,493 9,054 11,641	2,871 3,874 4,611 4,249		662 878 714 765	1,060 982 982 1,509	524 243 764 383	30 34 37 42

General Governmental Revenues include General, Special Revenue, Debt Service and Capital Projects Funds. Excludes Expendable Trusts. SOURCE: City Finance Department

^{*} Due to change in accounting for refuse revenue.

^{**}Due to in-lieu taxes from Enterprise Funds.

CITY OF LODI GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION LAST TEN FISCAL YEARS



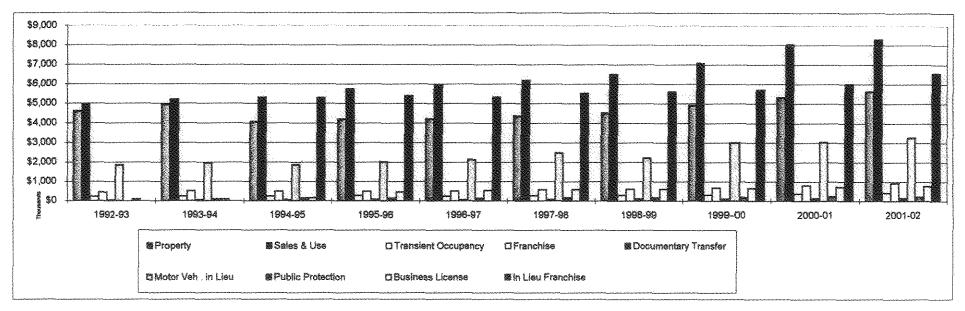
Fiscal		General	Public	Public					Parks &	Debt	Capital	
Year		Government	Protection	Works	Sanitation		Library		Recreation	Service	 Outlay	 Total
1992-93	- §	5,033	\$ 9,903	\$ 5,128 \$	4,063	\$	852	ŧ,	2,487	\$ 396	\$ 941	\$ 28,803
1983-94		4,908	9,949	4,296	0	ĸ	881		2,307	405	2,203	24,949
1994-95		5,211	10,401	4,382	O	ıb	956		2,299	345	2,652	26,246
1995-96		5,217	10,172	6,012	0	że	954		2,198	500	5,378	30,431
1996-97		5.882	11,059	5,749	0	Ŕ	1,012		2,312	939	10,810	37,763
1997-98		7.068	10,896	4,810	0	sì;	966		2,174	1,288	18,383	45,585
1998-99		7,239	11,225	5,151	0	8	1,030		2,230	1,282	6,640	34,797
1999-00		7,813	11,430	5,039	0		1,040		2,670	1,282	6.420	35,694
2000-01		8,862	13,190	6,312	0		1.184		2,999	1,285	12,045	45,877
2001-02		8,987	13,562	5,741	0		1,158		2,860	1,233	17,948	51,489

General Governmental Expenditures includes General, Special Revenue, Debt Service and Capital Projects Funds. Excludes Expendable Trusts.

SOURCE: City Finance Department

^{*} Due to change in accounting for refuse expenditures.

CITY OF LODI GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE LAST TEN FISCAL YEARS (Amounts in Thousands)

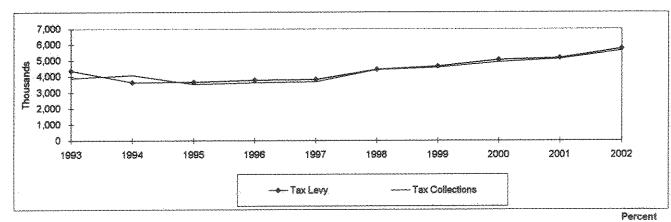


Fiscal		Sales	Transient		Documentary	Motor Veh .		Public	Business	In Lleu	
Year	Property	& Use	Occupancy	Franchise	Transfer	 In Lleu	Cigarette	Protection	 License	Franchise	Total (1)
1992-93 \$	4,618 \$	4,968	\$ 236	\$ 447	\$ 58	\$ 1,868	\$ 7	\$ -	\$ 95	\$ **	\$ 12,297
1993-94	4,950	5,221	247	508	68	1,972	un.	98	92	**	13,156
1994-95	4,077	5,320	248	506	68	1,885	**	149	169	5,300	17,722
1995-96	4,206	5,763	278	503	75	2,023	20	154	470	5,413	18,885
1996-97	4,225	5,950	249	524	66	2,144	ply.	154	541	5,348	19,201
1997-98	4,374	6,205	278	586	77	2,478	-	180	593	5,546	20,317
1998-99	4,517	6,523	305	618	119	2,221	•	180	612	5,627	20,722
1999-00	4,932	7,095	318	675	116	3,008	**	196	658	5,721	22,719
2000-01	5,322	8,028	390	820	158	3,051	No.	242	736	6,015	24,762
2001-02	5,641	8,300	439	931	172	3,276	~	231	787	6,569	26,346

⁽¹⁾ General governmental tax revenues are included in taxes, licenses and permits, intergovernmental revenues and miscellaneous revenue of the City's General Fund.

SOURCE: City Finance Department

CITY OF LODI
SECURED TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Amounts in Thousands)



		Total	Current Year's	Percent of	Delinquent	Total	of Total
	Fiscal	Tax	Tax	Collections	Tax	Tax	Collections
	Year	Levy	Collections	to Tax Levy	 Collections	 Collections	to Tax Levy
HADES	1993	\$ 4,375	\$ 3,809	87.1%	\$ 90	\$ 3,899	89.1%
	1994	3,639	3,461	95.1%	624	4,085	112.3%
	1995	3,670	3,516	95.8%	9	3,525	96.0%
	1996	3,781	3,615	95.6%	*	3,615	95.6%
	1997	3,827	3,682	96.2%	*	3,682	96.2%
	1998	4,444	4,433	99.8%	•	4,433	99.8%
	1999	4,653	4,578	98.4%	*	4,578	98.4%
	2000	5,056	4,917	97.3%	Tr.	4,917	97.3%
	2001	5,182	5,118	98.8%	•	5,118	98.8%
	2002	5,757	5,640	98.0%	wh.	5,640	98.0%

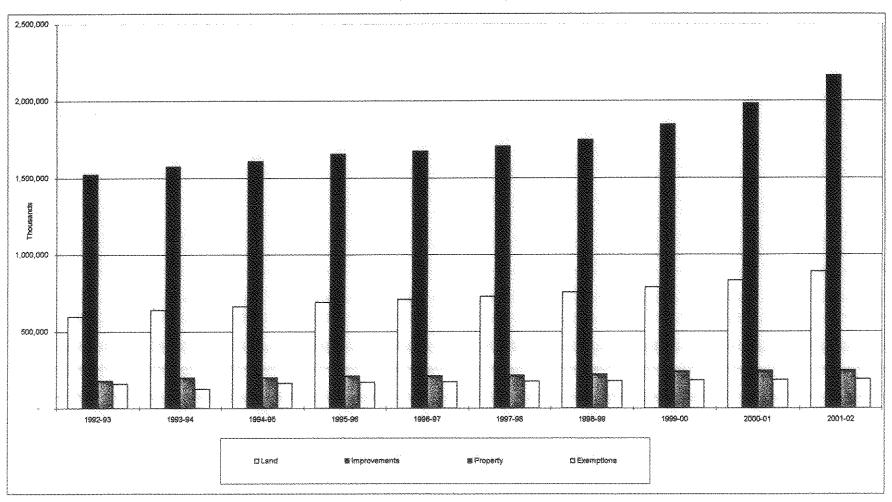
SOURCE: County Auditor-Controller

CITY OF LODI

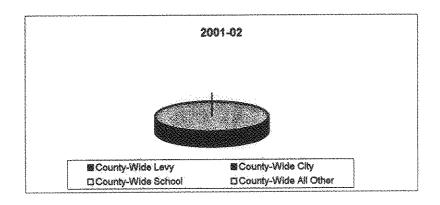
ASSESSED FULL CASH VALUE OF ALL TAXABLE PROPERTY LAST TEN FISCAL YEARS (Amounts in Thousands)

Fiscal Year	 Secured Roll		Mineral Roll	 Utility Roll	 Unsecured Roll		Tax Roll	elle.	Less Exemptions	 Net Tax Roll
1992-93	\$ 2,200,557	\$	12	\$ 2,782	\$ 100,982	\$	2,304,333	\$	160,068	\$ 2,144,265
1993-94	2,305,937		12	2,736	107,151		2,415,836		125,486	2,290,350
1994-95	2,353,069			3,504	115,180		2,471,753		164,592	2,307,161
1995-96	2,427,757			3,560	125,011		2,556,328		170,899	2,385,429
1996-97	2,463,536			3,557	125,907		2,593,000		172,945	2,420,055
1997-98	2,515,478			3,699	129,396		2,648,573		176,500	2,472,073
1998-99	2,574,622			3,826	146,345		2,724,793		179,835	2,544,958
1999-00	2,707,343			3,525	163,299		2,874,167		183,294	2,690,873
2000-01	2,880,201			3,484	177,040		3,060,725		185,473	2,875,252
2001-02	3,096,937			3,379	198,678		3,298,994		190,252	3,108,742
Fiscal				Personal			Less	N	let Assessed	
Year	 Land	in	nprovements	 Property .	 Total	Sambala	Exemptions	**	Value	
1992-93	\$ 597,785	\$	1,524,596	\$ 181,952	\$ 2,304,333	\$	160,068	\$	2,144,265	
1993-94	639,421		1,575,675	200,740	2,415,836		125,486		2.290,350	
1994-95	663,227		1,608,564	199,962	2,471,753		164,592		2,307,161	
1995-96	691,116		1,654,842	210,370	2,556,328		170,899		2,385,429	
1996-97	709,296		1,673,877	209,827	2,593,000		172,945		2,420,055	
1997-98	728,900		1,705,635	214,038	2,648,573		176,500		2,472,073	
1998-99	756,166		1,748,387	220,240	2,724,793		179,835		2,544,958	
1999-00	787,249		1,847,800	239,118	2,874,167		183,294		2,690,873	
2000-01	832,788		1,982,668	245,269	3,060,725		185,473		2,875,252	
2001-02	889,262		2,164,121	245,611	3,298,994		190,252		3,108,742	

CITY OF LODI ASSESSED FULL CASH VALUE OF ALL TAXABLE PROPERTY LAST TEN FISCAL YEARS (Amounts in Thousands)



CITY OF LODI PROPERTY TAX RATES - DIRECT & OVERLAPPING GOVERNMENTS LAST TEN FISCAL YEARS Per \$100.00 of Assessed Value



	Basic				
Fiscal	County-Wide				
<u>Year</u>	Levy	City	<u>School</u>	All Other	Total
1992-93	1.0000	0.0150	0.0248	0.0034	1.0432
1993-94	1.0000	0.0146	0.0248	0.0034	1.0428
1994-95	1.0000	0.0126	0.0140	0.0034	1.0300
1995-96	1.0000	0.0123	0.0028	0.0034	1.0185
1996-97	1.0000	0.0000	0.0022	0.0034	1.0056
1997-98	1.0000	0.0000	0.0019	0.0034	1.0053
1998-99	1.0000	0.0000	0.0001	0.0034	1.0035
1999-00	1.0000	0.0000	0.0002	0.0034	1.0036
2000-01	1.0000	0.0000	0.0002	0.0000	1.0002
2001-02	1.0000	0.0000	0.0002	0.0000	1.0002

SOURCE: San Joaquin County Auditor/Controller's Office

CITY OF LODI

SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS LAST TEN FISCAL YEARS (Amounts in Thousands)

Fiscal Year	Current Assessments Due	Current Assessments <u>Collected</u>	Total Collection As Percent of Current Assessments	Total Outstanding Current and Delinquent Assessments
1992-93	49	46	93.9%	3
1993-94	52	52	100.0%	-
1994-95	49	48	98.0%	4
1995-96	51	50	98.0%	de la constant de la
1996-97	125	125	100.0%	~
1997-98	*	ro.	0.0%	w
1998-99	**	ust	0.0%	*
1999-00		· •	0.0%	-
2000-01	Alle	-	0.0%	-
2001-02	æ	-	0.0%	

SOURCE: City Finance Department

CITY OF LODI

RATIO OF NET GENERAL BONDED DEBT TO TAXABLE ASSESSED VALUE AND NET BONDED DEBT PER CAPITA LAST TEN FISCAL YEARS (Amounts in Thousands)

Fiscal Year	Population	_	Gross Assessed Value	 Gross Bonded Debt	Debt Payable From Enterprise Revenue	•	Net Bonded Debt	Percent of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
1992-93	53	\$	2,304,333	\$ 11,560	\$ 10,355	\$	1,205	0.0523%	22.61
1993-94	54		2,415,837	10,840	10,270		570	0.0236%	10.58
1994-95	55		2,471,754	11,379	10,174		1,205	0.0488%	21.91
1995-96	54		2,556,328	15,078	10,078		5,000	0.1956%	92.59
1996-97	55		2,593,001	24,948	9,978		14,970	0.5773%	272.18
1997-98	56		2,648,573	24,372	9,872		14,500	0.5475%	258,93
1998-99	57		2,724,793	23,776	9,762		14,014	0.5143%	245.86
1999-00	58		2,874,167	23,146	9,636		13,510	0.4700%	232.93
2000-01	59		3,060,725	72,911	59,930		12,981	0.4241%	220.02
2001-02	59		3,298,994	101,675	74,930		26,745	0.8107%	453.31

SOURCE: City Finance Department

CITY OF LODI

COMPUTATION OF DIRECT AND OVERLAPPING GENERAL BONDED DEBT June 30, 2002

		Total COP	Percent Applicable	department .	City's Share of Debt				
DIRECT DEBT: CERTIFICATE OF PARTICIPATION	\$	26,745,000	100.00%	\$	26,745,000				
OVERLAPPING DEBT: NONE Total	\$	<u>0</u> <u>26,745,000</u>		\$	0 26,745,000				
		T RATIOS e 30, 2002							
Ratio of Direct Overlapping Debt to Assessed Full Cas		0.81%							
Direct and Overlapping Debt Per Capita =26,745,000 / 59,431									
Taxable Assessed Full Cash Values Per Capita = 3,298,994,000 / 59,431 \$55									

CITY OF LODI

COMPUTATION OF LEGAL DEBT MARGIN June 30, 2002

Assessed Full Cash Value as of June 30, 2002 (1)	National Management And Annual Andrews (Management Annual	3,298,993,589
Debt Limit - 15 Percent of Assessed Full Cash Value (2)	\$	494,849,038
Amount of Debt Applicable to Debt Limit	dwarene	Ò
LEGAL DEBT MARGIN	S. Carlos	494,849,038

- (1) Assessed Value before exemptions applicable to 2001-02 Tax Roll
- (2) Section 43605 California Government Code

SOURCE: San Joaquin County Auditor/Controller's Office City Finance Department

CITY OF LODI

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL BONDED DEBT TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES LAST TEN FISCAL YEARS

(Amounts in Thousands)

Fiscal Year	Principal	Interest	Total Debt Service	Total General Governmental Expenditures	Percent of Debt Service to Governmental Expenditures
1992-93	\$ 156	\$ 21	\$ 177	\$ 28,803	0.61%
1993-94	165	15	180	24,949	0.72%
1994-95	114	8	122	26,246	0.46%
1995-96	118	4	122	30,431	0.40%
1996-97	0	0	*	37,763	烫
1997-98	470	818	1,288	45,585	2.83%
1998-99	485	797	1,282	34,797	3.68%
1999-00	505	777	1,282	35,694	3.59%
2000-01	530	755	1,285	45,877	2.80%
2001-02	555	679	1,234	51,489	2.40%

Zero balances occured in 1996-97 due to general obligation bonds paid off in 1995-96. SOURCE: City Finance Department

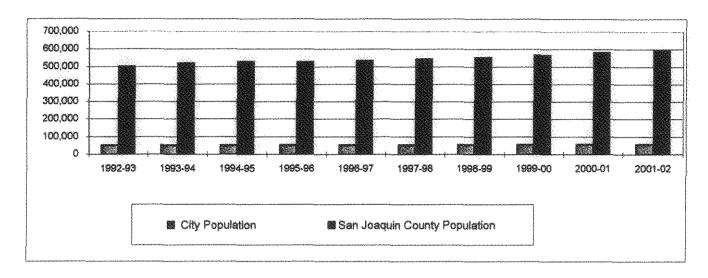
CITY OF LODI

REVENUE BOND COVERAGE LAST TEN FISCAL YEARS

Fiscal Year	Gross Revenue	Direct Operating Expense	Net Revenue Available For Debt Service	Principal	1 512515151		cal Year's Requirements Total	Coverage
1992-93	\$ 2,923,038	\$ 2,009,791	\$ 913,247	\$ 330,000	\$	710,390	\$ 1,040,390	0.88
1993-94	3,454,258	2,030,628	1,423,630	100,000		705,690	805,690	1.77
1994-95	3,596,313	2,489,307	1,107,006	110,000		700,355	810,355	1.37
1995-96	3,339,315	3,301,761	37,554	110,000		696,357	806,357	0.05
1996-97	3,444,597	2,863,017	581,580	115,000		688,818	803,818	0.72
1997-98	3,946,058	2,913,969	1,032,089	120,000		682,218	802,218	1.29
1998-99	3,935,006	2,957,162	977,844	125,000		675,030	800,030	1.22
1999-00	3,874,750	3,146,931	727,819	140,000		666,770	806,770	0.90
2000-01	4,697,052	4,336,384	360,668	145,000		658,070	803,070	0.45
2001-02	4,138,729	4,807,716	(668,987)	150,000		648,920	798,920	(0.84)

SOURCE: City of Lodi Finance Department

CITY OF LODI DEMOGRAPHIC STATISTICS LAST TEN FISCAL YEARS

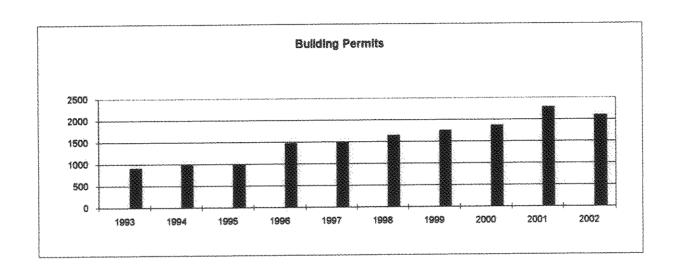


Fiscal	Souare	City	Population Percent	San Joaquin County	Population Percent	Rank in Size of California
Year	Miles	Population	Change	Population	of County	Cities
1992-93	11.82	52,900	0.0%	503,400	10.5%	120
1993-94	12.14	53,000	0.2%	521,500	10.2%	124
1994-95	12.32	53,575	1.1%	530,700	10.1%	121
1995-96	12.32	54,473	1.7%	529,300	10:3%	81
1996-97	12.32	54,800	0.6%	535,420	10.2%	123
1997-98	12.32	55,700	1.6%	545,200	10.2%	124
1998-99	12.32	56,900	2.2%	554,400	10.3%	124
1999-00	12.50	57,900	1.8%	566,600	10.2%	125
2000-01	12.60	58,600	1.2%	583,700	10.0%	126
2001-02	12.62	59,431	1.4%	598,000	10.0%	129

SOURCE: State of California, Department of Finance, Demographic Research Unit.

City Finance Department Budget

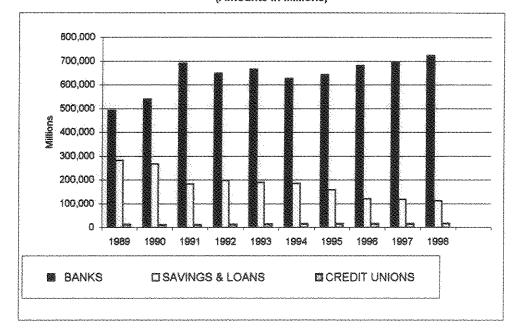
CITY OF LODI CONSTRUCTION ACTIVITY LAST TEN FISCAL YEARS



	Number of			Estimated	
Fiscal	Building Permits	Percent		Valuation	Percent
Year	Issued	Change	(1	n thousands)	Change
1833	993	-30.54%	\$	18,123	-32.90%
1994	995	10.19%		31,517	73.91%
1995	994	10%		44,881	42.40%
1996	1464	47.24%		29,019	-35.34%
1997	1486	1.50%		57,452	97.98%
1998	1632	9.83%		59,790	4.07%
1999	1749	7.17%		74,012	23.79%
2000	1856	6.12%		77,613	4.87%
2001	2275	22.58%		104,380	34.49%
2002	2090	-8.13%		69,693	-33.23%

SOURCE: City Community Development Department

CITY OF LODI BANK DEPOSITS LAST TEN FISCAL YEARS (Amounts in Millions)



Fiscai		SAVINGS &	CREDIT	
Year	BANKS	LOANS	UNIONS	
1989	\$ 492,636	\$ 282,339	\$ 14,111	**************************************
1990	540,545	267,501	12,813	
1991	691,677	183,936	12,465	
1992	649,252	198,756	13,993	
1993	666,342	191,014	15,405	
1994	627,132	186,159	15,689	
1995	643,109	159,276	16,036	
1996	682,223	121,183	15,721	
1997	698,080	118,200	16,894	
1998	725,210	113,431	17,728	

Source: California State Department of Banking-Licensing & Statistics Section

CITY OF LODI PRINCIPAL EMPLOYERS JUNE 30, 2002

Employer	Activity	Employees
Lodi Unified School Dist.	Education	2,247
Lodi Memorial Hospital	Health Care	650
General Mills	Cereals and Food Mixes	575
Pacific Coast Producers	Can Manufacturer and Cannery	530
City of Lodi	Government	429
Wal-Mart	General Merchant	226
Lodi Fab Industries, Inc.	Industrial Storage Racks	200
Target	General Merchant	200
Valley Industries	Trailer Hitches	191
Farmers and Merchants Bank	Banking	183

SOURCE: City of Lodi Community Development Department

CITY OF LODI PRINCIPAL TAXPAYERS JUNE 30, 2001*

Property Owner	Land Use	Assessed Valuation	Percent of Total (1)
General Mills, Inc.	Food Processing	\$ 171,116,463	5.94%
Pacific Coast Producers	Manufacturing	59,325,814	2.06%
Certainteed Corporation	Manufacturing	15,531,735	0.54%
Dart Container Corporation	Warehousing	13,486,205	0.47%
King Video Cable Company	Communications	12,363,403	0.43%
Edmund N. Richmond	Industrial	11,852,374	0.41%
Wal Mart Stores	Department Store	10,893,893	0.38%
Wallace Computer Service	Warehousing	10,854,802	0.38%
Interlake Material Handling, Inc	Industrial	10,837,238	0.38%
Dayton Hudson Corporation	Department Store	10,504,048	0.36%
		\$326,765,975	11.35%

(1) Local Secured Assessed Valuation:

2,880,201,262

Source: San Joaquin County Assessor's Office Information on this page is the most recent data available.

CITY OF LODI SURETY BONDS OF PRINCIPAL OFFICIALS JUNE 30, 2002

City Manager	\$500,000
Deputy City Manager	500,000
City Attorney	500,000
City Clerk	500,000
Public Works Director	500,000
Police Chief	500,000
Fire Chief	500,000
Finance Director	500,000
Community Development Director	500,000
Electric Utilities Director	500,000
Community Center Director	500,000
Parks and Recreation Director	500,000
Human Resources Director	500,000

City employees are covered by a commercial fidelity bond amounting to a maximum of \$500,000 per loss.

SOURCE: City of Lodi

CITY OF LODI

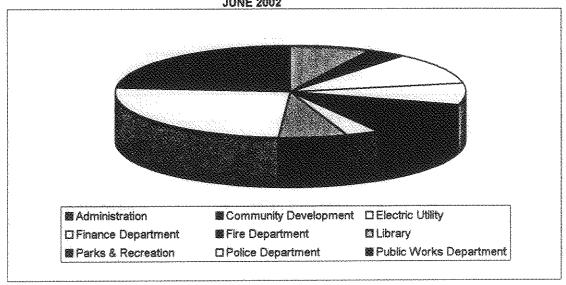
GANN APPROPRIATION LIMITATION

Last Ten Fiscal Years

FISCAL YEAR	 LIMIT BASE	CPI or INCOME	POPULATION GROWTH	GROWTH FACTOR	PPROPRIATION MITATION	BU	DGET SUBJECT TO LIMIT	 VARIANCE
1992-93	\$ 24,782,072	0.9936	1.0241	1.0175	\$ 34,027,028	\$	17,255,606	\$ 16,771,422
1993-94	34,027,028	1.0272	1.0213	1.0491	35,697,755		16,646,590	19,051,165
1994-95	35,697,755	1.0071	1.0157	1.0229	36,515,234		17,292,960	19,222,274
1995-96	36,515,234	1.0470	1.0131	1.0609	38,739,012		18,583,360	20,155,652
1996-97	38,739,012	1.0467	1.0168	1.0643	41,229,332		19,243,568	21,985,764
1997-98	41,229,332	1.0467	1.0070	1.0540	43,456,825		20,096,975	23,359,850
1998-99	43,456,825	1.0536	1.0120	1.0420	45,785,303		20,491,809	25,293,494
1999-00	45,785,303	1.0453	1.0194	1.0656	48,787,849		20,907,397	27,880,452
2000-01	48,787,849	1.0491	1.0129	1.0626	51,843,597		22,482,923	29,360,674
2001-02	51,843,597	1.0782	1.0190	1.0987	56,959,824		25,610,753	31,349,071

SOURCE: City Finance Department

CITY OF LODI
PERSONNEL AUTHORIZED LAST TEN YEARS
JUNE 2002



DEPARTMENT Administration	1992-93 17	1993-94 Million di Consideration de 1993-94 22	1994-95 17	1995-98 21	1996-97 24	1997-98 	<u>1998-99</u> 30	1999-00 32	<u>2000-01</u> 34	2001-02 34
Community Development	11	11	11	13	14	14	15	15	17	17
Electric Utility	41	40	38	39	43	44	44	46	47	50
Finance Department	39	36	35	35	34	34	32	34	34	35
Fire Department	49	48	47	48	48	48	49	50	52	55
Library	15	15	15	15	14	14	14	14	14	14
Parks & Recreation	36	29	26	27	26	27	26	26	29	29
Police Department	105	104	104	106	112	112	113	113	114	115
Public Works Department	97	89	86 	87.	92	94	95	99	103	108
Total	410	394	379	391	407	413	418	429	444	457

SOURCE: City of Lodi Finance Department

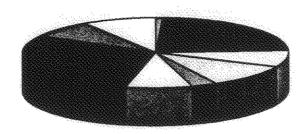
CITY OF LODI
SCHEDULE OF TAXABLE SALES AND PERMITS BY CATEGORY
LAST TEN YEARS
(Amounts in Thousands)

No.	1992	1993	1994 anatument on to shift of the Managarian sales of the	1995	1996	1997	1998	1999	2000*	2002
SALES (IN THOUSANDS OF DOLLAR	S);									
Apparel Stores \$	8,429	\$ 6,467	\$ 6,105 \$	5,970	\$ 5,651	\$ 5,633 \$	5,020	\$ 4,778	5 4,458	S 5,417
General Merchandise Stores	49,944	60,764	73,765	79,420	84,977	105,423	111,930	120,952	120,263	131,371
Drug Stores	16,373	13,184	13,673	13,295	13,411					
Food Stores	42,130	33,033	28,692	33,237	34,029	34,247	34,344	37,328	42,977	43,271
Packaged Liquor Stores	6,470	6,041	5,932	5,864	6,150					
Eating & Drinking Places	38,548	39,161	39,714	43,770	44,598	45,349	46,316	49,803	52,860	59,594
Home Furnishings & Appliances	13,593	16,038	14,327	12,396	12,808	12,136	17,319	22,254	17,908	15,886
Building Materials & Farm Tool	30,278	37,539	34,250	31,801	31,858	29,865	32,424	39,369	47,467	46,048
Auto Dealers & Supplies	82,725	85,917	93,198	103,241	102,788	101,933	106,531	123,667	141,640	166,102
Service Stations	29,601	31,221	30,519	34,348	35,095	35,748	29,203	36,491	46,794	45,130
Other Retail Stores	23,089	25,666	26,547	29,261	30,502	39,759	45,689	47,022	48,759	49,262
Total Retail Stores	341,180	355,031	386,722	392,403	401,867	410,091	428,776	481,664	523,126	562,081
All Other Outlets	92,149	96,921	92,594	94,440	116,000	130,660	133,453	143,207	154,590	148,736
TOTAL \$	433,329	\$ 451,952	\$ 459,316 \$	486,843	\$ 517,667	\$ 540,751 \$	562,229	624,871	\$ 677,718	\$ 710,817
PERMITS:		w. w.								
Apparel Stores	29	32	25	23	22	28	28	28	28	19
General Merchandise Stores	17	14	15	13	13	22	21	23	24	21
Drug Stores	10	9	9	9	8					
Food Stores	42	44	47	45	45	47	51	53	59	61
Packaged Liquor Stores	8	8	7	7	7		4 67 6		4.15	
Eating & Orinking Places	135	132	136	144	146	146	151	151	148	160
Home Furnishings & Appliances	43	44	46	48	41	47	43	53	55	63
Building Meterials & Farm Tool	38	38	35	29	30	25	22	22	23	24
Auto Dealers & Supplies	63	56	63	62	66	78	81	77	83	83
Service Stations	19	18	19	20	19	17	16	15	15	16
Other Retail Stores	186_	182	196	201	197	205	229	258	268	
Total Retail Stores	590	577	598	599	594	615	642	680	703	743
All Other Outlets	987	929	926	912	918	900_	869	875	882	912
TOTAL	1577	1506	1524	1511	1512	1515	1511	1555	1585	1655

^{*} First three quarters are actual, the fourth quarter is an estimate.

SOURCE: State Board of Equalization, State of California

CITY OF LODI SCHEDULE OF TAXABLE SALES LAST TEN YEARS



	Apparel Stores		General Merchandise Stores		Drug Stores
О	Food Stores		Packaged Liquor Stores	O	Eating & Drinking Places
. 55	Home Furnishings & Appliances	a	Building Materials & Farm Tool		Auto Dealers & Supplies
•	Service Stations	a	Other Retail Stores		

CITY OF LODI SCHEDULE OF BUSINESS TAX RECEIPTS ISSUED YEAR ENDED JUNE 30, 2002

TYPE OF BUSINESS	NO. OF BUSINESSES	PERCENT
Located in Lodi:		
Agriculture, Forestry and Fishin	g 113	3.82%
Mining	• •	0.00%
Construction	283	9.56%
Manufacturing	89	3.01%
Transportation and Public Utilitie	es 42	1.42%
Wholesale trade	84	2.84%
Retail trade	656	22.17%
Finance, Insurance and Real Es	state 249	8.42%
Services	1,443	48.78%
Total	2,959	100.00%
Located outside Lodi:		
Agriculture, Forestry and Fishing	30	3.46%
Mining	0	0.00%
Construction	525	60.48%
Manufacturing	10	1.15%
Transportation and Public Utilitie	s 12	1.38%
Wholesale trade	42	4.84%
Retail trade	35	4.03%
Finance, Insurance and Real Es	tate 31	3.56%
Services	183	21.08%
Total	868 	100.00%
Grand Total	3,827	

CITY OF LODI MISCELLANEOUS STATISTICS JUNE 30, 2002

POPULATIO	ÒN	ELECTRIC UTILI	TY
Population	59,431	Number of Customers	24,634
Assessed Value	\$3.1b	Energy Sales (KWH)	36,668,340
Building Permits Issued	2,090	Peak Demand(MW)	110.5
Date of Incorporation	December 6, 1906		
Form of Government	Council-Manager	PARKS & RECRE	ATION
Employees	457	Parks Developed	25
Area	12.616	Acres Parks Developed	293
		Parks Undeveloped	5
FIRE PROT	ECTION	Acres Parks Undeveloped	98.5
Number of Stations	4	Community Center	1
Number of Firefighters	44	Swimming Pools	3
Number of Reserve Firefighters	0	Tennis Courts	11
Number of Calls Answered	4,333	Boat Ramp	1
		Playgrounds	17
POLICE PR	OTECTION	Ball Parks Various	26
Number of Stations	1	Soccer Fields	37
Number of Police Officers	78	Football Field	1
Number of Reserve Officers	Č	Handball/Basketball/Volleyball Courts	7
Number of Support Personnel	37	Horseshoe Pits	10
Number of Calls Answered	41,282		
PUBLIC WC	RKS	EDUCATION	
Miles of Streets	180.8	Elementary Schools (public)	27
Miles of Alley Ways	16	Middle Schools (public)	7
Number of Street Lights	6,033	High Schools (public)	5
Number of Traffic Signals	53	Elementary Schools Enrollment (public)	14,127
		Middle Schools Enrollment (public)	4,112
WATERWA	STEWATER	High Schools Enrollment (public)	8,643
Miles of Water Mains	212		
Miles of Wastewater Lines	174	K-8 Schools (private)	5
Number of Wastewater Treatment Plants	***	High Schools (private)	2
Average Daily Treatment	6.6 MG	K-6 Enroliment (private)	1427
Maximum Daily Capacity	8.5 MG	High School Enrollment (private)	333
HOSPITALS			
Number of Hospitals	***		
Number of Patient Beds	181		

SINGLE AUDIT REPORTS

Schedule of Expenditures of Federal Awards

Year ended June 30, 2002

Federal grantor/program title	Federal CFDA number	Pass-through number	Expenditures
U.S. Department of Housing and Urban Development: (Pass-through San Joaquin County – Department of Planning and Building Inspection. Urban county arrangement, and therefore no pass-through number.) Community Development Block Grants:			
2001-2002 Program Year	14.228	N/A	\$ 273,656
2000-2001 Program Year	14.228	N/A	28,262
1999-2000 Program Year	14.228	N/A	112,081
1998-1999 Program Year	14.228	NA	28,735
1995-1996 Program Year	14.228	N/A	24,278
1994-1995 Program Year	14.228	N/A	10,061
			477,073
U.S. Department of Transportation: (Pass-through California Department of Transportation)			
Transportation Enhancement Activity for 21st Century (TS21) Federal Transit Assistance (FTA):	20.205	N/A	1,971,647
2001-2002 Program Year	20.507	N/A	367,444
2000-2001 Program Year	20.507	N/A	2,602,074
Total 20.507			2,969,518
			4,941,165
U.S. Department of Justice:			
Office of the Justice Programs: 1998 COPS MORE Grant	16.710	N/A	38,013
Local Law Enforcement Block Grant:			
2000-LB-BX-1138	16.592	N/A	51,785
2001-LB-BX-1235	16.592	NA	7,905
Total 16.592			59,690
(Pass-through State Office of Criminal Justice Planning) Crac-Net DC 97080390	16.579	DC 97080390	77,913
			175,616
			The second secon
Total federal awards			\$ 5,593,854

See accompanying notes to schedule of expenditures of federal awards.

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2002

(1) General

The accompanying Schedule of Expenditures of Federal Awards (SEFA) for the year ended June 30, 2002 presents the activity of all federal awards programs of the City of Lodi, California (the City). The City's reporting entity is defined in note 1 to the City's general purpose financial statements. The SEFA includes all federal awards received directly from federal agencies and federal awards passed through other government agencies.

(2) Basis of Accounting

The accompanying SEFA is presented using the modified accrual basis of accounting in the governmental funds and the accrual basis of accounting in the proprietary fund which is described in note 1 to the City's general purpose financial statements.



Three Embarcadero Center San Francisco, CA 94111

Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

The Honorable Members of City Council City of Lodi, California:

We have audited the general purpose financial statements of the City of Lodi, California (the City) as of and for the year ended June 30, 2002, and have issued our report thereon dated October 30, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.



Internal Control over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving internal control over financial reporting, which we have reported to management of the City in a separate letter dated October 30, 2002.

This report is intended solely for the information and use of the City Council, City management and the City's federal awarding agencies and the City's pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



October 30, 2002



Three Embarcadero Center San Francisco, CA 94111

Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

The Honorable Members of City Council City of Lodi, California:

Compliance

We have audited the compliance of the City of Lodi, California (the City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal programs for the year ended June 30, 2002. The City's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2002.



Internal Control over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted a matter involving internal control over compliance and its operations that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control over compliance that, in our judgment, could adversely affect the City's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying scheduling of findings and questioned costs as item 02-01.

A material weakness is a condition in which the design or operation of one or more internal control components reduces to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of internal control over compliance would not necessarily disclose all matters in internal control that might be material weaknesses. However, the reportable condition noted above, item 02-01, we consider to be a material weakness.

This report is intended solely for the information and use of the City Council, City management and the City's federal awarding agencies and the City's pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LIP

October 30, 2002

Schedule of Findings and Questioned Costs
Year ended June 30, 2002

Schedule of Findings and Questioned Costs

Year ended June 30, 2002

(1) Summary of Auditors' Results

- (a) The type of report issued on the general purpose financial statements: Unqualified opinion
- (b) Reportable conditions in internal control were disclosed by the audit of the general purpose financial statements: None reported Material weaknesses: No
- (c) Noncompliance which is material to the general purpose financial statements: No
- (d) Reportable conditions in internal control over major programs: Yes Material weaknesses: Yes
- (e) The type of report issued on compliance for major programs: Unqualified
- (f) Any audit findings which are required to be reported under Section 510(a) of OMB Circular A-133: Yes
- (g) Major programs:

CFDA#	
20.507	United States Department of Transportation - Federal Transit Formula Grants
20.205	United States Department of Transportation - Highway Planning and Construction

- (h) Dollar threshold used to distinguish between Type A and Type B programs: \$300,000
- (i) Auditee qualified as a low-risk auditee under Section 530 of OMB Circular A-133: No
- (2) Findings Relating to the Financial Statements Reported in Accordance with Government Auditing Standards:

None

Schedule of Findings and Questioned Costs
Year ended June 30, 2002

(3) Findings and Questioned Costs Relating to Federal Awards:

Finding No. 02-01 - Federal Transit Formula Grants (20.507) - Reporting

In accordance with OMB Circular A-133, grantees are responsible for maintaining internal control over federal programs that provides reasonable assurance that they are managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of their federal programs.

In accordance with the March 2001 A-133 Compliance Supplement, the following is the control objective for reporting:

To provide reasonable assurance that reports of Federal awards submitted to the Federal awarding agency or pass-through entity include all activity of the reporting period, are supported by underlying accounting or performance records, and are fairly presented in accordance with program requirements.

In the course of performing control testwork for the Federal Transit Formula Grant, we noted that one individual was responsible for preparing and submitting the City's Financial Status Reports. These reports were not reviewed by another party before they were submitted to the awarding agency.

Recommendation

To help ensure that the City's required federal reports are submitted accurately, we recommend that a review be performed by a party independent of the preparer. The performance of a review of all reports prior to submission to the federal awarding agency will help ensure the accuracy of the reports.